
A

**CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY
AND RELATED DOCUMENTS**

ISSUED BY

**THE GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)**

ISSUED TO

**CORNERSTONE HEALTH SCHOOL
(A PUBLIC SCHOOL ACADEMY)**

**CONFIRMING THE STATUS OF
CORNERSTONE HEALTH SCHOOL**

AS A

PUBLIC SCHOOL ACADEMY

DATED: JULY 1, 2012

2012-07-01 14:00:00

GENERAL INDEX

Contract Schedules

- Schedule 1: University Board Resolutions
 - Method of Selection Resolution
 - Authorization Resolution
- Schedule 2: Articles of Incorporation
- Schedule 3: Bylaws
- Schedule 4: Fiscal Agent Agreement
- Schedule 5: Master Calendar of Reporting Requirements (MCRR)
- Schedule 6: Information To Be Provided By Academy and Educational Management Company
- Schedule 7: Academy Specific Information & Educational Program
 - Schedule 7-1: Educational Goals and Programs
 - Schedule 7-2: Curriculum
 - Schedule 7-3: Staff Responsibilities
 - Schedule 7-4: Methods of Accountability and Pupil Assessment
 - Schedule 7-5: Academy's Admission Policies and Criteria
 - Schedule 7-6: School Calendar and School Day Schedule
 - Schedule 7-7: Age/Grade Range of Pupils Enrolled
 - Schedule 7-8: Address and Description of Proposed Physical Plant; Lease or Deed for Proposed Site; and Occupancy Certificate

TABLE OF CONTENTS

ARTICLE I

DEFINITIONS

Section

Section 1.1	Certain Definitions	1
Section 1.2	Schedules.....	2
Section 1.3	Statutory Definitions	3
Section 1.4	Application	3
Section 1.5	Conflicting Contract Provisions	3

ARTICLE II

ROLE OF GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES AS AUTHORIZING BODY

Section 2.1	University Board Resolutions	3
Section 2.2	Method for Monitoring Academy's Compliance With Applicable Law and Performance of its Targeted Educational Outcomes	3
Section 2.3	University Board Administrative Fee.....	4
Section 2.4	University Board as Fiscal Agent for the Academy	4
Section 2.5	Authorization of Employment.....	4
Section 2.6	Financial Obligations of the Academy Are Separate From the State of Michigan, University Board and the University	5
Section 2.7	Academy Has No Power To Obligate or Bind State of Michigan, University Board or the University	5
Section 2.8	Authorizing Body Contract Authorization Process.....	5

ARTICLE III

REQUIREMENT THAT ACADEMY ACT SOLELY AS GOVERNMENTAL AGENCY OR ENTITY AND POLITICAL SUBDIVISION

Section 3.1	Governmental Agency or Entity and Political Subdivision	5
Section 3.2	Other Permitted Activities.....	5

ARTICLE IV

PURPOSE

Section 4.1	Academy's Purpose.....	6
-------------	------------------------	---

ARTICLE V

CORPORATE STRUCTURE OF THE ACADEMY

Section 5.1	Articles of Incorporation	6
Section 5.2	Bylaws	6

ARTICLE VI

OPERATING REQUIREMENTS

Section 6.1	Governance Structure	6
Section 6.2	Contributions and Fund Raising.....	6
Section 6.3	Educational Goals and Programs	6
Section 6.4	Curriculum.....	6
Section 6.5	Methods of Accountability	7
Section 6.6	Staff Responsibilities.....	7
Section 6.7	Admission Policy	7
Section 6.8	School Calendar/School Day Schedule.....	7
Section 6.9	Age/Grade Range of Pupils Enrolled	7
Section 6.10	Annual Financial Audit	7
Section 6.11	Address and Description of Proposed Site(s).....	8
Section 6.12	Accounting Standards.....	8
Section 6.13	Placement of University Student Interns.....	8
Section 6.14	Disqualified Organizational or Contractual Affiliations	8
Section 6.15	Matriculation Agreements.....	8

ARTICLE VII

TUITION PROHIBITED

Section 7.1	Tuition Prohibited: Fees and Expenses	8
-------------	---	---

ARTICLE VIII

COMPLIANCE WITH PART 6A OF CODE AND OTHER LAWS

Section 8.1	Compliance with Part 6a of Code.....	8
Section 8.2	Compliance with State School Aid Act.....	8
Section 8.3	Open Meetings Act.....	9
Section 8.4	Freedom of Information Act.....	9
Section 8.5	Public Employees Relations Act	9
Section 8.6	Prevailing Wage on State Contracts.....	9
Section 8.7	Uniform Budgeting and Accounting Act	9
Section 8.8	Revised Municipal Finance Act of 2001	9
Section 8.9	Non-discrimination.....	9
Section 8.10	Other State Laws	9
Section 8.11	Federal Laws	9

ARTICLE IX

AMENDMENT

Section 9.1	Process for Amending the Contract.....	10
Section 9.2	Process for Amending Academy Articles of Incorporation	10
Section 9.3	Process for Amending Academy Bylaws.....	10
Section 9.4	Change in Existing Law	10

ARTICLE X

TERMINATION, SUSPENSION AND REVOCATION

Section 10.1	Grounds and Procedures for Academy Termination of Contract.....	10
Section 10.2	Termination by University Board.....	11
Section 10.3	Contract Suspension	11
Section 10.4	Statutory Grounds for Revocation.....	12
Section 10.5	Other Grounds for Authorizing Body Revocation	12
Section 10.6	Authorizing Body Procedures for Revoking Contract	13
Section 10.7	Termination by Authorizing Body	15
Section 10.8	Automatic Revocation by State of Michigan	16
Section 10.9	Material Breach of Contract	16

ARTICLE XI

PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES

Section 11.1	Grand Valley State University Faculty Employment in the Academy	17
Section 11.2	The Academy Faculty Appointment to Grand Valley State University Faculty.	17
Section 11.3	Student Conduct and Discipline	17
Section 11.4	Insurance	17
Section 11.5	Transportation	18
Section 11.6	Extracurricular Activities and Interscholastic Sports	18
Section 11.7	Legal Liabilities and Covenants Not to Sue	18
Section 11.8	Lease or Deed for Proposed Single Site(s).....	18
Section 11.9	Occupancy and Safety Certificates.....	19
Section 11.10	Deposit of Public Funds by the Academy	19
Section 11.11	Required Provisions for Educational Management Organization Agreements...	19
Section 11.12	Incompatible Public Offices and Conflicts of Interest Statutes	19
Section 11.13	Certain Familial Relationships Prohibited	20
Section 11.14	Dual Employment Positions Prohibited	20
Section 11.15	Information Available to the Public and University	20
Section 11.16	Authorizing Body Invitation to Apply to Convert Academy to School of Excellence	20

ARTICLE XIII

GENERAL TERMS

Section 12.1	Notices	21
Section 12.2	Severability	21
Section 12.3	Successors and Assigns	21
Section 12.4	Entire Contract	21
Section 12.5	Assignment.....	21
Section 12.6	Non-Waiver	21
Section 12.7	Indemnification	21
Section 12.8	Construction	22
Section 12.9	Force Majeure.....	22
Section 12.10	No Third Party Rights	22
Section 12.11	Non-agency	22

Section 12.12 Governing Law..... 22

Section 12.13 Counterparts 22

Section 12.14 Term of Contract 22

Section 12.15 Survival of Provisions 24

Section 12.16 Termination of Responsibilities 24

Section 12.17 Disposition of Academy Assets Upon Termination or Revocation of Contract.. 24

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Contract to Charter a Public School Academy

Pursuant to Part 6a of the Revised School Code ("Code"), being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the Grand Valley State University Board of Trustees ("University Board") issues a contract to Cornerstone Health School (the "Academy"), to be effective July 1, 2012, confirming the Academy's status as a public school academy in this State. The Parties agree that the issuance of this Contract is subject to the following Terms and Conditions:

ARTICLE I

DEFINITIONS

Section 1.1. Certain Definitions. For purposes of this Contract, and in addition to the terms defined throughout this Contract, each of the following words or expressions, whenever capitalized, shall have the meaning set forth in this section:

- a) **Academy** means the Michigan non-profit corporation authorized by this Contract.
- b) **Academy Board** means the Board of Directors of the Academy authorized by this Contract. Academy Board member or Academy Director means an individual who is a member of the Academy Board, whether in the past, present or future.
- c) **Applicable Law** means all state and federal law applicable to public school academies.
- d) **Applicant** means the person or entity that submitted the public school academy application to the University for the establishment of the Academy.
- e) **Application** means the public school academy application and supporting documentation submitted to the University for the establishment of the Academy.
- f) **Authorization Resolution** means the resolution adopted by the Grand Valley State University Board of Trustees approving the issuance of a Contract.
- g) **Charter School** means public school academy.
- h) **Code** means the Revised School Code, Act No. 451 of the Public Acts of 1976, as amended, being Sections 380.1 to 380.1852 of the Michigan Compiled Laws.
- i) **Contract** means, in addition to the definitions set forth in the Code, the Terms and Conditions and the Schedules.
- j) **Educational Management Organization** means a person or entity that meets the definition of an Educational Management Organization as that term is used in Part 6a of the Code, including an entity that has entered, or entities that may in the future enter, into an agreement with the Academy.
- k) **Fund Balance Deficit** means the Academy has more liabilities than asset at the end of any given school fiscal year, and includes any fiscal year where the Academy would have had a budget deficit but for a financial borrowing from, or monetary contribution by an Educational Management Organization or other person or entity to the Academy. If the Academy receives a gift or grant of money or financial support

from an Educational Management Company or other person or entity that does not require repayment by the Academy, and is not conditioned upon the actions or inactions of the Academy Board, then such gift or grant shall not constitute a financial borrowing or contribution for purposes of determining a Fund Balance Deficit.

- l) **Master Calendar of Reporting Requirements (MCRR)** means the compliance certification duties required of the Academy by the University Board. The University Charter Schools Office may amend the MCRR each fiscal year or at other times as deemed appropriate by the University President. These changes shall be automatically incorporated into the Contract and shall be exempt from the Contract amendment procedures under Article IX of these Terms and Conditions.
- m) **Method of Selection Resolution** means the resolution adopted by the University Board providing for the method of selection, length of term, number of members, qualification of Board Academy members and other pertinent provisions relating to the Academy Board.
- n) **Resolution** means any resolution adopted by the Grand Valley State University Board of Trustees.
- o) **Schedules** mean the schedules incorporated into and part of the Terms and Conditions.
- p) **Terms and Conditions** means this document entitled Terms and Conditions of Contract issued by the Grand Valley State University Board of Trustees.
- q) **University** means Grand Valley State University established pursuant to Article VIII, Sections 4 and 6 of the 1963 Michigan Constitution and MCL 390.841 *et seq.*
- r) **University Board** means the Grand Valley State University Board of Trustees.
- s) **University Charter Schools Hearing Panel or Hearing Panel** means such person(s) as designated by the University President.
- t) **University Charter Schools Office or CSO** means the office the University Board, by issuance of this Contract, hereby designates as the point of contact for public school academy applicants and public school academies authorized by the University Board. The University Charter Schools Office is also responsible for managing, implementing, and overseeing the University Board's responsibilities with respect to the Contract.
- u) **University Charter Schools Office Director or CSO Director** means the person designated by the University President to administer the operations of the University Charter Schools Office.
- v) **University President** means the President of Grand Valley State University or his or her designee.

Section 1.2. Schedules. All Schedules to this Contract are part of this Contract.

Section 1.3. Statutory Definitions. Statutory terms defined in the Code shall have the same meaning in this Contract.

Section 1.4. Application. The Application submitted to the University Board for the establishment of the Academy is incorporated into, and made part of, this Contract. In the event that there is an inconsistency or dispute between materials in the Application and the Contract, the language or provisions in the Contract shall control.

Section 1.5. Conflicting Contract Provisions. In the event that there is a conflict between the language contained in the provisions of this Contract, the Contract shall be interpreted as follows: (i) the Method of Selection Resolution shall control over any other conflicting language in the Contract; (ii) the Authorizing Resolution shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution; (iii) the Terms and Conditions shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution and the Authorizing Resolution; and (iv) the Articles of Incorporation shall control over any other conflicting language in the Contract with the exception of language in the Method of Selection Resolution, Authorizing Resolution and these Terms and Conditions.

ARTICLE II

ROLE OF GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES AS AUTHORIZING BODY

Section 2.1. University Board Resolutions. For purposes of this Contract, the University Board has adopted the following resolutions:

(a) Method of Selection Resolution. The University Board has adopted the Method of Selection Resolution which is incorporated into this Contract as part of Schedule 1. At anytime and at its sole discretion, the University Board may amend the Method of Selection Resolution. Upon University Board approval, changes to the Method of Selection Resolution shall automatically be incorporated into this Contract and shall be exempt from the amendment procedures under Article IX of the Terms and Conditions.

(b) Authorizing Resolutions. The University Board has adopted the Authorizing Resolution which is incorporated into this Contract as part of Schedule 1.

Section 2.2. Method for Monitoring Academy's Compliance with Applicable Law and Performance of its Targeted Educational Outcomes. The University Board has the responsibility to oversee the Academy's compliance with the Contract and all Applicable Law. The Academy shall perform the compliance certification duties required by the University Board as outlined in the Contract and 6 incorporated into this Contract as Schedule 5. Additionally, the Academy shall be responsible for the following:

- a) In the event that the University President determines that the Academy's educational outcomes should be reviewed to help determine if the Academy is meeting the educational goals set forth in the Schedules, the University President, at his or her discretion, may require an objective evaluation of student performances by an educational consultant, acceptable to both the Academy and the University President. The Academy shall pay for the expense of the evaluation. In addition, at any time, the University President may require an evaluation of

student performance to be selected by and at the expense of the University. The Academy shall cooperate with the evaluation, including any student testing required.

- b) Within ten (10) days of receipt, the Academy shall notify the University Charter Schools Office of correspondence received from the Department of Education or State Board of Education that requires a written or formal response.
- c) Within ten (10) days of receipt, the Academy shall report to the University Charter Schools Office and the University Counsel Office any litigation or formal proceedings alleging violation of Applicable Law or contractual agreement against the Academy, its officers, employees, agents, and/or contractors.
- d) The Academy shall permit review of the Academy's records and inspection of its premises at any time by representatives of the University. Normally, such inspections shall occur during the Academy's hours of operation and after advance notice to the Academy.

Section 2.3. University Board Administrative Fee. During the term of this Contract, the Academy shall pay the University Board an administrative fee of 3% of the state school aid payments received by the Academy. For purposes of this Contract, state school aid payments received by the Academy in July and August in any given year shall be deemed to have been received by the Academy during the Contract term. This fee shall be retained by the University Board from each state school aid payment received by the University Board for forwarding to the Academy. This fee shall compensate the University Board for issuing the Contract and overseeing the Academy's compliance with the Contract and all Applicable Law.

Section 2.4. University Board as Fiscal Agent for the Academy. The University Board is the fiscal agent for the Academy. The University Board shall, within three (3) business days, forward to the Academy all state school aid funds or other public or private funds received by the University Board for the benefit of the Academy. The University Board shall retain any amount owed to the University Board by the Academy pursuant to this Contract. For purposes of this section, the responsibilities of the University Board, the State of Michigan, and the Academy are set forth in the Fiscal Agent Agreement incorporated herein as Schedule 4.

Section 2.5. Authorization of Employment. The University Board authorizes the Academy Board to employ or contract for personnel according to the position information outlined in Schedule 7-3. However, the Academy Board shall prohibit any individual from being employed by the Academy, an Educational Management Organization or an employee leasing company involved in the operation of the Academy, in more than one (1) full-time position and simultaneously being compensated at a full-time rate for each of these positions. An employee hired by the Academy shall be an employee of the Academy for all purposes and not an employee of the University for any purpose. With respect to Academy employees, the Academy shall have the power and responsibility to (i) select and engage employees; (ii) pay their wages; (iii) dismiss employees; and (iv) control the employees' conduct, including the method by which the employee carries out his or her work. The Academy shall be responsible for carrying workers' compensation insurance and unemployment insurance for its employees. The Academy Board may contract with an Educational Management Organization or an employee leasing company to provide persons to perform work at the Academy. Before entering into an agreement with an Educational Management Organization or an employee leasing company to provide persons to perform work at the Academy, the Academy Board must first comply with the Educational Service Provider Policies issued by the Charter Schools Office. A copy of the agreement between the Academy Board and the Educational Management Organization or employee leasing company shall be included as part of Schedule 7-3.

Section 2.6. Financial Obligations of the Academy are Separate from the State of Michigan, University Board and the University. Any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy and a third party shall not in any way constitute an obligation, either general, special, or moral, of the State of Michigan, the University Board, or the University. Neither the full faith and credit nor the taxing power of the State of Michigan or any agency of the State, nor the full faith and credit of the University Board or the University shall ever be assigned or pledged for the payment of any Academy contract, agreement, note, mortgage, loan or other instrument of indebtedness.

Section 2.7. Academy Has No Power to Obligate or Bind State of Michigan, University Board or the University. The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, University Board or the University, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties, that the State of Michigan, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, agreement, note, mortgage, loan or other instrument of indebtedness entered into by the Academy.

Section 2.8. Authorizing Body Contract Authorization Process. Pursuant to the Code, the Authorizing Body is not required to issue a contract to the Academy. This Contract is for a fixed term and will terminate at that end of the Contract term without any further action of either the Academy or the Authorizing Body. Prior to the end of the Contract term, the Authorizing Body shall provide a description of the process and standards by which the Academy may be considered for the issuance of a new contract. The timeline for consideration of whether to issue a new contract to the Academy shall be solely determined by the Authorizing Body. The standards for issuance of a contract to the Academy shall include the requirements established by the Authorizing Body and the standards and criteria established under Applicable Law. The Authorizing Body, at its sole discretion, may change its process and standards for issuance of a contract at anytime, and any such changes shall take effect automatically without the need for any amendment to this Contract. Consistent with the Code, the Authorizing Body may elect, at its sole discretion, not to consider the issuance of a contract, consider reauthorize of the Academy and elect to not issue a contract, or consider reauthorization of the Academy and issue a contract for a fixed term.

ARTICLE III

REQUIREMENT THAT ACADEMY ACT SOLELY AS GOVERNMENTAL AGENCY OR ENTITY AND POLITICAL SUBDIVISION

Section 3.1. Governmental Agency or Entity and Political Subdivision. The Academy shall act exclusively as a governmental agency or entity and political subdivision.

Section 3.2. Other Permitted Activities. Nothing in this Contract shall prohibit the Academy from engaging in other lawful activities that are not in derogation of the Academy's status as a public school or that would not jeopardize the eligibility of the Academy for state school aid funds. Subject to Section 2.5 and Section 6.15 of the Terms and Conditions, the Academy may enter into agreements with other public schools, public school academies, governmental units, businesses, community and nonprofit organizations where such agreements contribute to the effectiveness of the Academy or advance education in this state.

ARTICLE IV

PURPOSE

Section 4.1. Academy's Purpose. The Academy Board shall identify the purpose or mission of the Academy. Any subsequent changes to the Academy's purpose or mission shall be carried out by amendment in accordance with Article IX of these Terms and Conditions. The Academy's stated purpose or mission shall be set forth in the Schedules.

ARTICLE V

CORPORATE STRUCTURE OF THE ACADEMY

Section 5.1. Articles of Incorporation. Unless amended pursuant to Section 9.2 of Article IX herein, the Articles of Incorporation of the Academy, as set forth in Schedule 2, shall be the Articles of Incorporation of the Academy. The Academy Board represents to the University Board that Schedule 2 includes all amendments to the Academy's Articles of Incorporation as of the date set forth above.

Section 5.2. Bylaws. Unless amended pursuant to Section 9.3 of Article IX herein, the Bylaws of the Academy, as set forth in Schedule 3, shall be the Bylaws of the Academy. The Academy Board represents to the University Board that Schedule 3 includes all amendments to the Academy's Bylaws as of the date set forth above.

ARTICLE VI

OPERATING REQUIREMENTS

Section 6.1. Governance Structure. The Academy shall be organized and administered under the direction of the Academy Board and pursuant to the governance structure as set forth in its Bylaws. The Academy's Board of Directors shall meet at least six times per fiscal year, unless another schedule is mutually agreed upon by the University President and the Academy.

Section 6.2. Contributions and Fund Raising. The Academy may solicit and receive contributions and donations as permitted by law. No solicitation shall indicate that a contribution to the Academy is for the benefit of the University. The University shall not be required to receive any contributions or donations for the benefit of the Academy. If the University receives contributions or donations for the benefit of the Academy, it shall forward such funds to the Academy within three (3) business days of receipt.

Section 6.3. Educational Goals and Programs. The Academy shall pursue the educational goals and programs identified and contained in the Schedules. Such goals and programs may be amended pursuant to Section 9.1 of Article IX of the Terms and Conditions. Upon request, the Academy shall provide the University Charter Schools Office with a written report, along with supporting data, assessing the Academy's progress toward achieving its goal(s).

Section 6.4. Curriculum. The Academy shall have flexibility in developing, realigning, and implementing the curriculum identified in the Schedules. Any changes to the curricula shall be administered pursuant to Section 9.1 of Article IX of the Terms and Conditions, and such proposed

curricula shall be designed to achieve the Academy's overall educational goals and State's educational assessment test.

Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration, or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law.

The University Board may use such reports, assessments and test results in making its decision to revoke, terminate, or not issue a new contract at the end of the Contract.

Section 6.6. Staff Responsibilities. Subject to Section 2.5 Article II of the Terms and Conditions, the University Board authorizes the Academy to employ or contract with an Educational Management Company. A copy of the management agreement shall be included in the Schedules.

Section 6.7. Admission Policy. The Academy shall comply with all application, enrollment and admissions policies and criteria required by Applicable Law. A copy of the Academy's admission policies and criteria are set forth in the Schedules.

Section 6.8. School Calendar/School Day Schedule. The Academy shall comply with all minimum standards governing the length of the school term, minimum number of days and hours of instruction required by Applicable Law. The Academy agrees to make available to the University Charter Schools Office a copy of the School Calendar/School Day Schedule for each academic school year no later than July 1st. A copy of the School Calendar/School Day Schedule shall be automatically incorporated into the Schedules, without the need for an amendment under Article IX of the Terms and Conditions.

Section 6.9. Age/Grade Range of Pupils Enrolled. The Academy is authorized to operate Kindergarten through Twelfth (K-12) grades. The Academy may add additional grades and vocational programs in the future, pursuant to Section 9.1 of Article IX of the Terms and Conditions.

Section 6.10. Annual Financial Audit. The Academy shall conduct an annual financial audit prepared and reviewed by an independent certified public accountant in accordance with generally accepted governmental auditing principles. The Academy shall submit the annual financial statement audit and auditor's management letter to the Charter Schools Office in accordance with the MCRR. The Academy Board shall provide to the Charter Schools Office a copy of any responses to the auditor's management letter in accordance with the MCRR.

Section 6.11. Address and Description of Proposed Site(s). The proposed address and physical plant description of the Academy's proposed site or sites is set forth in Schedule 7-8. For purposes of this Contract, the Academy shall be in violation of the site requirements set forth in this Contract if the Academy operates at a site or sites without first obtaining the written authorization of the University Board. Following Academy Board and University Board approval, proposed changes to the address and description of any site or sites shall be incorporated into this Contract by amendment.

Section 6.12. Accounting Standards. The Academy shall at all times comply with generally accepted public sector accounting principles, and accounting system requirements that comply with Applicable Law.

Section 6.13. Placement of University Student Interns. The Academy may be a placement site for University students who are in education or other pre-professionals in training to serve in public schools. Such placement shall be without charge to the University and subject to other terms and conditions as the Academy and the University agree.

Section 6.14. Disqualified Organizational or Contractual Affiliations. The Academy shall comply with all state and federal law applicable to public schools concerning church-state issues. To the extent disqualified under the state or federal constitutions, the Academy shall not be organized by a church or other religious organization and shall not have any organizational or contractual affiliation with or constitute a church or other religious organization. Nothing in this Section shall be deemed to diminish or enlarge the civil and political rights, privileges and capacities of any person on account of his or her religious belief.

Section 6.15. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school academy, the Academy shall provide a draft copy of the agreement to the Authorizing Body for review. Any matriculation agreement entered into by the Academy shall be added to a new Schedule through a contract amendment approved in accordance with the Contract. Until the matriculation agreement is incorporated into the Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.

ARTICLE VII

TUITION PROHIBITED

Section 7.1. Tuition Prohibited: Fees and Expenses. The Academy shall not charge tuition. The Academy may impose fees and require payment of expenses for activities of the Academy where such fees and payments are not prohibited by law.

ARTICLE VIII

COMPLIANCE WITH PART 6A OF THE CODE AND OTHER LAWS

Section 8.1. Compliance with Part 6a of the Code. The Academy shall comply with Part 6a of the Code.

Section 8.2. Compliance with State School Aid Act. In order to assure that funds are available for the education of pupils, the Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended from time to time. The Academy may expend funds from the State School Aid Act for any purpose permitted by the State School Aid Act of 1979 and may enter into contracts and

agreements determined by the Academy as consistent with the purposes for which the funds were appropriated.

Section 8.3. Open Meetings Act. Pursuant to Section 503(6)(a) of the Code, the Academy Board shall conduct all of its meetings in accordance with the Michigan Open Meetings Act, Act No. 267 of the Public Acts of 1976, as amended, being Sections 15.261 to 15.275 of the Michigan Compiled Laws.

Section 8.4. Freedom of Information Act. Pursuant to Section 503(6)(b) of the Code, the records of the Academy shall be records subject to the provisions of the Michigan Freedom of Information Act ("FOIA"), Act No. 442 of the Public Acts of 1976, as amended, being Sections 15.231 to 15.246 of the Michigan Compiled Laws. The Academy Board shall designate a freedom of information coordinator to assure compliance with FOIA and other applicable law providing for public disclosure or for protection of privacy.

Section 8.5. Public Employees Relations Act. Pursuant to Section 503(6)(c) of the Code, the Academy shall comply with Act No. 336 of the Public Acts of 1947, being Sections 423.201 to 423.217 of the Michigan Compiled Laws. Organizational efforts and collective bargaining agreements, if any, with employees of the Academy shall be the responsibility of the Academy.

Section 8.6. Prevailing Wage on State Contracts. The Academy shall comply with the Prevailing Wage on State Contracts statute, Act No. 166 of the Public Acts of 1965, being Sections 408.551 to 408.558 of the Michigan Compiled Laws.

Section 8.7. Uniform Budgeting and Accounting Act. The Academy shall comply with the Uniform Budgeting and Accounting Act, Act No. 2 of the Public Acts of 1968, being MCL 141.421 to 141.440a.

Section 8.8. Revised Municipal Finance Act of 2001. With respect to the Academy's borrowing money and issuance of bonds, the Academy shall comply with section 1351a of the Code and Part VI of the Revised Municipal Finance Act of 2001, Act No. 34 of the Public Acts of 2001, being MCL 141.2601 to 141.2613 of the Michigan Compiled Laws, except that the borrowing of money and issuance of bonds by the Academy is not subject to section 1351a(4) or section 1351(2) to (4) of the Code. Bonds issued by the Academy are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

Section 8.9. Non-discrimination. The Academy shall be separately responsible for compliance with applicable laws pertaining to equal opportunity and anti-discrimination laws such as the Elliott-Larsen Civil Rights Act, Act No. 453 of the Public Acts of 1976, as amended, being MCL 37.2101 to 37.2804, the Michigan Handicappers' Civil Rights Act, Act No. 22 of the Public Acts of 1976, as amended, being MCL 37.1101 to 37.1607, and Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC & 12101 *et seq.* or any successor law.

Section 8.10. Other State Laws. The Academy shall comply with other state laws which are applicable to public school academies. Nothing in this Contract shall be deemed to apply any other state law to the Academy.

Section 8.11. Federal Laws. The Academy shall comply with federal laws which are applicable to public school academies. Nothing in this Contract shall be deemed to apply any other federal law to the Academy.

ARTICLE IX

AMENDMENT

Section 9.1. Process for Amending the Contract. Either party may propose changes in this Contract or may propose a meeting to discuss potential revision of this Contract. Except as provided in Sections 2.1, 5.1 and 6.11, the University Board delegates to its University President the review and approval of changes or amendments to this Contract. The Academy Board may delegate the same authority to the Academy Board President. The Contract shall be amended upon agreement and approval of the respective authorized designees.

Section 9.2. Process for Amending Academy Articles of Incorporation. The Academy Board, or any authorized designee of the Academy Board, may propose changes to the Academy's Articles of Incorporation. The Academy shall be authorized to make such changes to its Articles upon a majority vote of the University Board members attending a University Board meeting. Upon University Board approval, the Academy Board's authorized designee is authorized to file the amendment to the Academy's Articles of Incorporation with the appropriate state agency. Upon receipt of the filed amendment, the Academy shall forward the filed amendment to the University Charter Schools Office. The filed amendment shall be automatically incorporated into Schedule 2 of this Contract upon receipt of the amendment by the University Charter Schools Office. If the University identifies a provision in the Articles of Incorporation that violates or conflicts with this Contract, due to a change in law or other reason, after approval has been given, it shall notify the Academy Board in writing and the Academy Board shall amend the Articles of Incorporation to make them consistent with the Contract. If the change is requested by the University, the University shall reimburse the Academy for the filing fees.

Section 9.3. Process for Amending Academy Bylaws. The Academy Board shall submit proposed Bylaw changes to the Charter Schools Office, for review and comment, at least thirty (30) days prior to Academy Board adoption. The Academy's Bylaws, and any subsequent or proposed changes to the Academy's Bylaws, shall not violate or conflict with the Contract. If at any time the University identifies a provision in the Academy Board's Bylaws that violates or conflicts with Applicable Law or this Contract, the Academy Board's Bylaws shall be automatically void and the Academy Board shall amend the identified provision to be consistent with Applicable Law and the Contract. The amendment shall be automatically incorporated into Schedule 3 of the Contract upon receipt by the University Charter Schools Office of a duly authorized Academy Board Bylaw change made in accordance with this Section 9.3.

Section 9.4. Change in Existing Law. If, after the effective date of this Contract, there is a change in Applicable Law which alters or amends the responsibilities and obligations of either the Academy or the University Board, this Contract shall be altered or amended to reflect the change in existing laws as of the effective date of such change. To the extent possible, the responsibilities and obligations of the Academy and the University Board shall conform to and be carried out in accordance with the change in Applicable Law.

ARTICLE X

TERMINATION, SUSPENSION AND REVOCATION

Section 10.1. Grounds and Procedures for Academy Termination of Contract. At anytime and for any reason, the Academy Board may terminate this Contract. The Academy Board shall notify the CSO Director in writing of the request for the termination of the Contract not less than ten (10) calendar

months in advance of the effective date of termination. The University Board, in its sole discretion, may waive the ten (10) month requirement. A copy of the Academy Board's resolution approving the Contract termination, including a summary of the reasons for terminating the Contract, shall be included with the written termination request.

Section 10.2. Termination by the University Board. The University Board may terminate this Contract before the end of the Contract Term as follows:

(a) Termination Without Cause. Except as otherwise provided in subsections (b), (c) or (d), the University Board, in its sole discretion, reserves the right to terminate this Contract before the end of the Contract Term for any reason provided that such termination shall not take place less than ten (10) calendar months from the date of the University Board's resolution approving such termination. The University Charter Schools Office shall provide notice of the termination to the Academy. If during the period between the University Board's action to terminate and the effective date of termination, the Academy has violated the Contract or Applicable Law, the University Board may elect to initiate suspension or revocation of the Contract as set forth in this Article X.

(b) Termination Caused by Change in Applicable Law. Following issuance of this Contract, if there is a change in Applicable Law that the University Board, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the University Board to make changes in the Contract that are not in the best interest of the University Board or the University, then the University Board may terminate the Contract at the end of the Academy's school fiscal year in which the University Board's decision to terminate is adopted. For purposes of this section, a change in Applicable Law includes without limitation the following:

(i) the issuance of an order by the Superintendent of Public Instruction, pursuant to Section 1280c of the Code, placing the Academy under the supervision of the State School Reform/Redesign Officer; or

(ii) the development of, or changes to, a redesign plan by the Academy pursuant to Section 1280c of the Code.

(c) Automatic Termination Caused By Placement of the Academy in State School Reform / Redesign School District. If the Academy is notified by the State that the Academy will be placed on the State School Reform/Redesign School District pursuant to Section 1280c of the Code, then the University Board may terminate this Contract at the end of the current school year.

(d) Automatic Termination For Failure to Satisfy Requirements During the Initial Term of Contract. If the Academy fails to satisfy the requirements set forth in Section 12.14 during the initial term of Contract, then this Contract shall automatically terminate on the date set forth in Section 12.14.

The revocation procedures in 10.6 shall not apply to a termination of this Contract under this section.

Section 10.3. Contract Suspension. The University Board's process for suspending the Contract is as follows:

a) University President Action. If the University President determines, in his or her sole discretion, that conditions or circumstances exist that the Academy Board (i) has placed staff and/or students at risk; (ii) is not properly exercising its fiduciary obligations to protect and preserve the Academy's public funds and property; (iii) has lost its right to occupancy of the

physical facilities described in Section 6.11, and cannot find another suitable physical facility for the Academy prior to the expiration or termination of its right to occupy its existing physical facilities; or (iv) has willfully or intentionally violated this Contract or Applicable Law, the University President may immediately suspend the Contract. If the conditions or circumstances involve an alleged violation of Sections 10.5(e) or (f), the University President is authorized to suspend the Contract immediately pending completing of the procedures set forth in Section 10.6. Unless otherwise specified in the suspension notice, the Academy shall cease operations on the date on which the suspension notice is issued. A copy of the suspension notice, setting forth the grounds for suspension, shall be sent to the Academy Board and to the Hearing Panel. If this subsection is implemented, the notice and hearing procedures set forth in Section 10.6 shall be expedited as much as possible.

- b) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a decision by the University President to suspend the Contract may be retained by the University Board for the Academy until the Contract is reinstated, or shall be returned to the Michigan Department of Treasury.
- c) Immediate Revocation Proceeding. If the Academy Board, after receiving a Suspension Notice from the University President continues to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may immediately convene a Revocation Hearing in accordance with the procedures set forth in Section 10.6(e) of the Terms and Conditions. The Hearing Panel has the authority to accelerate the time line for revoking the Contract, provided that notice of the revocation hearing shall be provided to the University Charter Schools Office and the Academy Board at least five (5) days before the hearing. If the Hearing Panel determines that the Academy Board has continued to engage in conduct or activities that are covered by the suspension notice, the Hearing Panel may recommend revocation of the Contract. The University Board shall proceed to consider the Hearing Panel's recommendation in accordance with Section 10.6(f) through (i).

Section 10.4 Statutory Grounds for Revocation. In addition to the grounds for an automatic revocation of the Contract as set forth in Section 10.8, this Contract may also be revoked by the University Board upon a determination by the University Board, pursuant to the procedures set forth in Section 10.6, that one or more of the following has occurred:

- a) Failure of the Academy to abide by and meet the educational goals set forth in this Contract;
- b) Failure of the Academy to comply with all Applicable Law;
- c) Failure of the Academy to meet generally accepted public sector accounting principles; or
- d) The existence of one or more other grounds for revocation as specified in this Contract.

Section 10.5. Other Grounds for Authorizing Body Revocation. In addition to the statutory grounds for revocation set forth in Section 10.4 and the grounds for an automatic revocation of the Contract set forth in Section 10.8, the Authorizing Body may revoke this Contract, pursuant to the procedures set forth in Section 10.6, upon a determination that one or more of the following has occurred:

- a) The Academy is insolvent, has been adjudged bankrupt, or has operated for one or more school fiscal year(s) with a Fund Balance Deficit;

- b) The Academy has insufficient enrollment to successfully operate the Academy, or the Academy has lost more than twenty-five percent (25%) of its student enrollment from the previous school year;
- c) The Academy defaults in any of the terms, conditions, promises or representations contained in or incorporated into this Contract;
- d) The Academy files amendments to its Articles of Incorporation with the appropriate state agency without first obtaining University Board approval;
- e) The University Board discovers grossly negligent, fraudulent or criminal conduct by the Applicant, the Academy's directors, officers, employees or agents in relation to their performance under this Contract;
- f)
- g) The Applicant, the Academy's directors, officers or employees have provided false or misleading information or documentation to the University Board in connection with the University Board's approval of the Application, the issuance of this Contract, or the Academy's reporting requirements under this Contract or Applicable Law;
- h) The Academy violates the site restrictions set forth in the Contract or the Academy operates at a site or sites without the prior written authorization of the University Board; or
- i) The University Board, its trustees, officers, employees, agents or representatives are not included as third party beneficiaries under any educational management agreement entered into by the Academy for purposes of indemnifying such parties in accordance with Section 11.11 of the Terms and Conditions.

Section 10.6. Authorizing Body Procedures for Revoking Contract. Except for the automatic revocation process set forth in Section 10.8 or the termination of Contract by the Authorizing Body in Section 10.7, the Authorizing Body's process for revoking the Contract is as follows:

- a) Notice of Intent to Revoke. The CSO Director or other University representative, upon reasonable belief that such grounds for revocation of the Contract exist, shall notify the Academy Board of such grounds by issuing the Academy Board a Notice of Intent to Revoke for non-compliance with the Contract or Applicable Law. The Notice of Intent to Revoke shall be in writing and shall set forth in sufficient detail the alleged grounds for revocation.
- b) Academy Board's Response. Within thirty (30) days of receipt of the Notice of Intent to Revoke, the Academy Board shall respond in writing to the alleged grounds for revocation. The Academy Board's response shall be addressed to the CSO Director, and shall either admit or deny the allegations of non-compliance. If the Academy's response includes admissions of non-compliance with the Contract or Applicable Law, the Academy Board's response must also contain a description of the Academy Board's plan and time line for correcting the non-compliance with the Contract or Applicable Law. If the Academy's response includes a denial of non-compliance with the Contract or Applicable Law, the Academy's response shall include sufficient documentation or other evidence to support a denial of non-compliance with the Contract or Applicable Law. A response not in compliance with this section shall be deemed to be non-responsive. As part of its response, the Academy Board may request that a meeting be scheduled with the CSO Director prior to a review of the Academy Board's response.

- c) Plan of Correction. Within fifteen (15) days of receipt of the Academy Board's response or after a meeting with Academy Board representatives, whichever is sooner, the CSO Director shall review the Academy Board's response and determine whether a reasonable plan for correcting the deficiencies can be formulated. If the CSO Director determines that a reasonable plan for correcting the deficiencies set forth in the Notice of Intent to Revoke can be formulated, the CSO Director shall develop a plan for correcting the non-compliance ("Plan of Correction"). In developing a Plan of Correction, the CSO Director is permitted to adopt, modify or reject some or all of the Academy Board's response for correcting the deficiencies outlined in the Notice of Intent to Revoke. The Notice of Intent to Revoke shall be withdrawn if the CSO Director determines any of the following: (i) the Academy Board's denial of non-compliance is persuasive; (ii) the non-compliance set forth in the Notice of Intent to Revoke has been corrected by the Academy Board; or (iii) the Academy Board has successfully completed the Plan of Correction. In the event the Notice of Intent to Revoke is withdrawn, the CSO Director shall notify the Academy Board, in writing, of such withdrawal.
- d) Plan of Correction Shall Include Conditions to Satisfy University Board's Contract Reconstitution Obligation. As part of the Plan of Correction, the CSO Director may reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. An attempt to improve student educational performance may include, but is not limited to, one of the following actions: (i) cancellation of a contract with an Educational Management Organization; (ii) removal of 1 or more members of the Academy Board members; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawal of the Academy's authorization to contract with an Educational Management Company; or (iv) the appointment of a new Academy Board of directors or a conservator/trustee to take over operations of the Academy.
- e) Request for Revocation Hearing. The CSO Director or other University representative may initiate a revocation hearing before the University Charter Schools Hearing Panel if the CSO Director determines that any of the following has occurred:
- i) the Academy Board has failed to timely respond to the Notice of Intent to Revoke as set forth in Section 10.6(b);
 - ii) the Academy Board's response to the Notice of Intent to Revoke is non-responsive;
 - iii) the Academy Board's response admits violations of the Contract or Applicable Law which the CSO Director deems cannot be remedied or cannot be remedied in an appropriate period of time, or for which the CSO Director determines that a Plan of Correction cannot be formulated;
 - iv) the Academy Board's response contains denials that are not supported by sufficient documentation or other evidence showing compliance with the Contract or Applicable Law;
 - v) the Academy Board has not complied with part or all of a Plan of Correction established in Section 10.6(c);
 - vi) the Academy Board has engaged in actions that jeopardize the financial or educational integrity of the Academy; or
 - vii) the Academy Board has been issued multiple or repeated Notices of Intent to Revoke.

The CSO Director or other University representative shall send a copy of the Request for Revocation Hearing to the Academy Board at the same time the request is sent to the Hearing Panel. The Request for Revocation Hearing shall identify the reasons for revoking the Contract.

- e) Hearing before University Charter Schools Hearing Panel. Within thirty (30) days of the date of a Request for Revocation Hearing, the Hearing Panel shall convene a revocation hearing. The Hearing Panel shall provide a copy of the Notice of Hearing to the University Charter Schools Office and the Academy Board at least ten (10) days before the hearing. The purpose of the Hearing Panel is to gather facts surrounding the CSO Director's request for Contract revocation, and to make a recommendation to the University Board on whether the Contract should be revoked. The revocation hearing shall be held at a location, date and time as determined by the CSO Director or other University Representative. The hearing shall be transcribed by a court reporter and the cost of the court reporter shall be divided equally between the University and the Academy. The CSO Director or his or her designee, and the Academy Board or its designee, shall each have equal time to make their presentation to the Hearing Panel. Although each party is permitted to submit affidavits and exhibits in support of their positions, the Hearing Panel will not hear testimony from any witnesses for either side. The Hearing Panel, may, however, question the CSO Director and one or more members of the Academy Board. Within thirty (30) days of the Revocation Hearing, the Hearing Panel shall make a recommendation to the University Board concerning the revocation of the Contract. In its discretion, the Hearing Panel may extend any time deadline set forth in this subsection. A copy of the Hearing Panel's recommendation shall be provided to the University Charter Schools Office and the Academy Board at the same time that the recommendation is sent to the University Board.
- f) University Board Decision. If the Hearing Panel's recommendation is submitted to the University Board at least fourteen (14) days before the University Board's next regular meeting, the University Board shall consider the Hearing Panel's recommendation at its next regular meeting and vote on whether to revoke the Contract. The University Board reserves the right to modify, reject or approve all or any part of the Hearing Panel's recommendation. The University Board shall have available copies of the Hearing Panel's recommendation and the transcript of the hearing. The University Board may waive the fourteen (14) day submission requirement or hold a special board meeting to consider the Hearing Panel's recommendation. A copy of the University Board's decision shall be provided to the University Charter Schools Office, the Academy Board and the Michigan Department of Education.
- g) Effective Date of Revocation. If the University Board votes to revoke the Contract, the revocation shall be effective on the date of the University Board's act of revocation, or at a later date as determined by the University Board, but no later than the last day of the Academy's current academic year.
- h) Disposition of State School Aid Funds. Notwithstanding any other provision of the Contract, any state school aid funds received by the University Board after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, may be held by the University Board and returned to the Michigan Department of Treasury.
- i) Disposition of School Code Number. Notwithstanding any other provision of the Contract, after a recommendation is made by the Hearing Panel to revoke the Contract, or a decision by the University Board to revoke the Contract, the district code number shall remain under the direction and control of the State Board of Education and/or its designated representative.

Section 10.7. Termination by Authorizing Body. The Authorizing Body may terminate this Contract before the end of the Term as follows:

(a) Termination With or Without Cause. Except as otherwise provided in subsections (b) or (c), the Authorizing Body, in its sole discretion, reserves the right to terminate the Contract for any reason provided that such termination shall not take place less than one (1) year from the date of the Authorizing Body's action. The University Charter Schools Office shall provide notice of the termination to the Academy. If during the period between the Authorizing Body action to terminate and the effective date of termination, the Academy has violated the Contract or Applicable Law, the Contract may be revoked or suspended sooner or the Authorizing Body may take superintending control actions pursuant to Section 10.6.

(b) Termination Caused by Change in Applicable Law. Following issuance of this Contract, if there is a change in Applicable Law that the Authorizing Body, in its sole discretion, determines impairs its rights and obligations under the Contract or requires the Authorizing Body to make changes in the Contract that are not in the best interest of the Authorizing Body or the University Board, then the Authorizing Body may terminate the Contract at the end of the Academy's school fiscal year in which the Authorizing Body's decision to terminate is adopted. For purposes of this section, a change in Applicable Law includes without limitation the following:

(i) the issuance of an order by the Superintendent of Public Instruction, pursuant to section 1280C of the Code, placing the Academy under the supervision of the State School Reform/ Redesign Officer; or

(ii) the development of, or changes to, a redesign plan by the Academy pursuant to Section 1280C of the Code.

(c) Automatic Termination Caused By Placement of Academy in State School Reform/ Redesign School District. If the Academy is placed in the State School Reform/ Redesign School District pursuant to Section 1280C of the Code, then the Authorizing Body may terminate this Contract at the end of the current school year.

The revocation procedures in Section 10.3 shall not apply to a termination of this Contract under this Section 10.7.

Section 10.8. Automatic Revocation by State of Michigan. If the Authorizing Body is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6a of the Code ("State's Automatic Closure Notice"), then this Contract shall automatically be revoked at the end of the current school year in which the notice is received without any further action of the Authorizing Body or the Academy. The Authorizing Body's revocation procedures set forth in Section 10.3 do not apply to an automatic revocation initiated by the State.

Following receipt of the State's Automatic Closure Notice, the Authorizing Body shall forward a copy of the State's Automatic Closure Notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy's plans and procedures for wind-up and dissolution of the Academy corporation at the end of the current school year. All Academy inquiries and requests for reconsideration of the State's Automatic Revocation Notice shall be directed to the Superintendent of Public Instruction, in a form and manner determined by that office or the Department.

Section 10.9. Material Breach of Contract. The issuance of order by the Superintendent of Public Instruction, pursuant to section 1280C of the Code, placing the Academy under the supervision of the State School Reform/ Redesign Officer, shall constitute a material breach of this Contract. Following the issuance of the order, the Authorizing Body shall send notice to the Academy of the material breach and request a meeting with Academy Board representatives to discuss the matter. To remedy the material breach, the Academy shall work toward the development of a corrective action plan that is acceptable to

the Authorizing Body. In addition to other matters, the corrective action plan shall include the Academy's redesign plan prepared pursuant to section 1280C of the Code. The development of a corrective action plan under this Section 10.10 shall not in any way limit the rights of the Authorizing Body to suspend, terminate or revoke this Contract.

ARTICLE XI

PROVISIONS RELATING TO PUBLIC SCHOOL ACADEMIES

Section 11.1. Grand Valley State University Faculty Employment in the Academy. Subject to the ability of the Academy to reach separate agreement on the terms, the Academy is permitted to use University faculty as classroom teachers in any grade.

Section 11.2. The Academy Faculty Appointment to Grand Valley State University Faculty. Nothing in this Contract shall prohibit a member of the Academy faculty from being appointed to or serving as a member of the University faculty.

Section 11.3. Student Conduct and Discipline. The Academy Board shall adopt, abide by and enforce its own set of written policies concerning student conduct and student discipline.

Section 11.4. Insurance. The Academy shall secure and maintain in its own name as the "first named insured" at all times the following insurance coverage:

- a) Property insurance covering all of the Academy's real and personal property, whether owned or leased;
- b) General/Public Liability with a minimum of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate (Occurrence Form);
- c) Auto Liability (Owned and Non-Owned) with a minimum of one million dollars (\$1,000,000) (Occurrence Form);
- d) Workers' Compensation or Workers' Compensation without employees "if any" insurance (statutory limits) and Employers' Liability insurance with a minimum of five hundred thousand dollars (\$500,000);
- e) Errors & Omissions insurance including Directors & Officers and School Leaders Errors & Omissions Liability insurance with a minimum of one million dollars (\$1,000,000) per occurrence and three million dollars (\$3,000,000) aggregate (Claims Made or Occurrence Form);
- f) Crime including employee dishonesty insurance with a minimum of five hundred thousand dollars (\$500,000); and
- g) Employment Practices Liability insurance with a minimum of one million dollars (\$1,000,000) per claim/aggregate (Claims Made or Occurrence Form).

The insurance must be obtained from a licensed mutual, stock, or other responsible company licensed to do business in the State of Michigan. The insurance carrier(s) must be an "A" best rating or better. The Academy may join with other public school academies to obtain insurance if the Academy

finds that such an association provides economic advantages to the Academy, provided that each Academy maintains its identity as first named insured.

The Academy shall list the University Board and the University on the insurance policies as an additional insured with primary coverage on insurance coverage listed in (b), (c), (e), and (g) above. The Academy shall have a provision included in all policies requiring notice to the University, at least thirty (30) days in advance, upon termination or non-renewal of the policy or of changes in insurance carrier or policy limit changes. In addition, the Academy shall provide the University President copies of all insurance certificates and endorsements required by this Contract. The Academy shall also provide to the University Charter Schools Office an entire copy of the insurance policies. The Academy may expend funds for payment of the cost of participation in an accident or medical insurance program to insure protection for pupils while attending school or participating in a school program or activity. Other insurance policies and higher minimum may be required depending upon academic offerings and program requirements.

The Academy understands that the University's insurance carrier periodically reviews the types and amounts of insurance coverage that the Academy must secure in order for the University to maintain insurance coverage for authorization and oversight of the Academy. In the event that the University's insurance carrier requests additional changes in coverage identified in this Section 11.4, the Academy agrees to comply with any additional changes in the types and amounts of coverage requested by the University's insurance carrier within thirty (30) days after notice of the insurance coverage change.

Section 11.5. Transportation. The Academy Board may enter into contract with other school districts or other persons, including municipal and county governments, for the transportation of the Academy students to and from school and for field trips. In addition, the Academy Board may use funds received from state school aid payments to pay for student transportation. In the event that the Academy Board contracts for transportation services, the Academy Board shall ensure that the company providing the transportation services is properly licensed in accordance with Applicable Law, and that the company conducts criminal background and history checks on its drivers and other personnel who have direct contact with pupils in accordance with the Code.

Section 11.6. Extracurricular Activities and Interscholastic Sports. The Academy is authorized to join any organization, association, or league, which has as its objective the promotion and regulation of sport and athletic, oratorical, musical, dramatic, creative arts, or other contests by or between pupils.

Section 11.7. Legal Liabilities and Covenants Not to Sue. The Academy and Academy Board members acknowledge and agree that they have no authority to extend the faith and credit of the University or to enter into a contract that would bind the University. The Academy also is limited in its authority to contract by the amount of funds obtained from the state school aid fund, as provided hereunder, or from other independent sources. The Academy and Academy Board members hereby covenant not to sue the University Board, the University or any of its trustees, officers, employees, agents or representatives for any matters that arise under this Contract or otherwise. The University does not assume any obligation with respect to any Academy Director, employee, agent, parent, guardian, or independent contractor of the Academy, and no such person shall have the right or standing to bring suit against the University Board, the University or any of its Trustees, employees, agents, or independent contractors as a result of the issuing, termination or revocation of this Contract.

Section 11.8. Lease or Deed for Proposed Single Site(s). The Academy shall provide to the designee of the University Board copies of its lease or deed for the premises in which the Academy shall operate. A copy of the Academy's lease or deed and site information shall be incorporated into the Schedules.

Section 11.9. Occupancy and Safety Certificates. The Academy Board shall: (i) ensure that all physical facilities comply with all fire, health and safety standards applicable to schools; and (ii) possess the necessary occupancy and safety certificates. The Academy Board shall not conduct classes at any site until the Academy has complied with this Section 11.9. Copies of these certificates shall be incorporated into the Schedules.

Section 11.10. Deposit of Public Funds by the Academy. The Academy Board agrees to comply with Section 1221 of the Code, being MCL 380.1221, regarding the deposit of all public or private funds received by the Academy. Such deposit shall be made within three (3) business days after receipt of the funds by the Academy.

Section 11.11. Required Provisions for Educational Management Organization Agreements. Any educational management organization agreement entered into by the Academy must contain the following provisions:

"Indemnification of Grand Valley State University. The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board's approval of the Application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by Grand Valley State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy or the Educational Management Organization, or which arise out of the failure of the Academy to perform its obligations under the Contract issued to the Academy by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement."

"Revocation or Termination of Contract. If the Academy's Contract issued by the Grand Valley State University Board of Trustees is revoked or terminated, this Agreement shall automatically terminate on the same date as the Academy's Contract is revoked or termination without further action of the parties."

"Compliance with Academy's Contract. The Educational Management Organization agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the Academy's obligations under the Academy's Contract issued by Grand Valley State University Board of Trustees. The provisions of the Academy's Contract shall supersede any competing or conflicting provisions contained in this Agreement."

Section 11.12. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, Act No. 566 of the Public Acts of 1978, being MCL 15.181 to 15.185 of the Michigan Compiled Laws, and the Contracts of Public Servants With Public Entities statute, Act No. 371 of the Public Acts of 1968, being MCL 15.321 to 15.330 of the

Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed a prohibited conflict of interest for purposes of this Contract:

(a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or paid consultant of an Educational Management Organization that has an agreement with the Academy;

(b) An individual simultaneously serving as an Academy Board member and an Academy employee;

(c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;

(d) An individual simultaneously serving as an Academy Board member and as a member of the governing board of another public school; and

(e) An individual simultaneously serving as an Academy Board member and a University employee or paid consultant.

Section 11.13. Certain Familial Relationships Prohibited. No person shall be eligible to serve as an Academy Board member if the person's spouse, child, parent, or sibling has: (i) an ownership interest in the Educational Management Organization; or (ii) if the person's spouse, child, parent, or sibling is in a managerial, administrative or officer position with the Educational Management Organization.

Section 11.14. Dual Employment Positions Prohibited. Any person working at the Academy is prohibited by law from being employed at the Academy in more than one full-time position and simultaneously being compensated for each position.

Section 11.15. Information Available to the Public and University.

(a) Information to be provided by the Academy. In accordance with Applicable Law, the Academy shall make information concerning its operation and management, including without limitation information in Schedule 6, available to the public and the University.

(b) Information to be provided by Educational Management Organization. The agreement between the Academy and the Educational Management Organization shall contain a provision requiring the Educational Management Company to make information concerning the operation and management of the Academy, including the information in Schedule 6, available to the Academy as deemed necessary by the Academy Board in order to enable the Academy to fully satisfy its obligations under subparagraph (a).

Section 11.16. Authorizing Body Invitation to Apply to Convert Academy to School of Excellence. If the Authorizing Body is interested in accepting applications to issue contracts to charter Schools of Excellence under Part 6e of the Code, MCL 380.551 et seq. ("Part 6e"), and the University Board determines that the Academy meets the University Board's and the Code's eligibility criteria for applying to convert the Academy to a School of Excellence, then the University Board may invite the Academy to submit an application to apply for a contract to convert the Academy to a School of Excellence. In accordance with the Code, the University Board shall establish its own competitive application process and provide the necessary forms and procedures to eligible public school academies.

ARTICLE XII

GENERAL TERMS

Section 12.1. Notices. Any and all notices permitted or required to be given hereunder shall be deemed duly given; (i) upon actual delivery, if delivery by hand; or (ii) upon delivery into United States mail if delivery is by postage paid first class mail. Each such notice shall be sent to the respective party at the address indicated below or to any other person or address as the respective party may designate by notice delivered pursuant hereto:

If to Grand Valley State University Board of Trustees:

Charter Schools Office Director
Grand Valley State University
201 Front Avenue, SW., Suite 310
Grand Rapids, Michigan 49504

If to Academy:

Board President
Cornerstone Health School
19900 McIntyre Street
Detroit, MI 48219

Section 12.2. Severability. If any provision in this Contract is held to be invalid or unenforceable, it shall be ineffective only to the extent of the invalidity, without affecting or impairing the validity and enforceability of the remainder of the provision or the remaining provisions of this Contract. If any provision of this Contract shall be or become in violation of Applicable Law, such provision shall be considered null and void, and all other provisions shall remain in full force and effect.

Section 12.3. Successors and Assigns. The terms and provisions of this Contract are binding on and shall inure to the benefit of the parties and their respective successors and permitted assigns.

Section 12.4. Entire Contract. This Contract sets forth the entire agreement between the University Board and the Academy with respect to the subject matter of this Contract. All prior application materials, contracts, representations, statements, negotiations, understandings, and undertakings, are superseded by this Contract.

Section 12.5. Assignment. This Contract is not assignable by either party.

Section 12.6. Non-Waiver. Except as provided herein, no term or provision of this Contract shall be deemed waived and no breach or default shall be deemed excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. No consent by any party to, or waiver of, a breach or default by the other, whether expressed or implied, shall constitute a consent to, waiver of, or excuse for any different or subsequent breach or default.

Section 12.7. Indemnification. As a condition to receiving a grant of authority from the University Board to operate a public school pursuant to the terms and conditions of this Contract, the Academy agrees to indemnify, defend and hold harmless the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, forfeitures, or any other liabilities or losses of any kind whatsoever, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees), settlement and prosecution imposed upon or

incurred by the University, and not caused by the sole negligence of the University, which arise out of or are in any manner connected with the University Board's receipt, consideration or approval of the Application, the University Board's approval of the Method of Selection Resolution or the Authorizing Resolution, legal challenges to the validity of Part 6a of the Code or actions taken by the University Board as an authorizing body under Part 6a of the Code, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance of the University Board, the University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the Academy, or which arise out of the failure of the Academy to comply with the Contract or Applicable Law. The foregoing provision shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

Section 12.8. Construction. This Contract shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Contract.

Section 12.9. Force Majeure. If any circumstances occur which are beyond the control of the parties, which delay or render impossible the obligations of one or both of the parties, the parties' obligations to perform such services shall be postponed for an equivalent period of time or shall be canceled, if such performance has been rendered impossible by such circumstances.

Section 12.10. No Third Party Rights. This Contract is made for the sole benefit of the Academy and the University Board. Except as otherwise provided, nothing in this Contract shall create or be deemed to create a relationship between the parties hereto, or either of them, and any third person, including a relationship in the nature of a third party beneficiary or fiduciary.

Section 12.11. Non-agency. It is understood that the Academy is not the agent of the University.

Section 12.12. Governing Law. This Contract shall be governed and controlled by the laws of the State of Michigan as to interpretation, enforcement, validity, construction, and effect, and in all other respects.

Section 12.13. Counterparts. This Contract may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

Section 12.14. Term of Contract.

(a) Initial Term of Contract. Except as otherwise provided in Section 12.14 (b) and (c) set forth below, this Contract shall commence on July 1, 2012 and shall remain in full force and effect until June 30, 2019, unless sooner terminated according to the terms hereof.

(b) Termination of Contract During Initial Term of Contract. Consistent with the procedures set forth in this Section 12.14(b), this Contract will terminate on June 30, 2019, if the Academy fails to satisfy all of the following conditions:

- (i) The Academy shall provide to the Charter Schools Office Director a copy of the Academy's agreements with any Educational Management Organization. The terms and conditions of the agreements must be acceptable to the University President.

- (ii) The Academy shall provide to the Charter Schools Office Director a copy of the Academy's real property leases, sublease or other agreements set forth in the Schedules.
- (iii) The Academy, through legal counsel, shall provide a legal opinion to the Charter Schools Office Director confirming that the Academy Board's approval and execution of any real property lease or other agreement with Educational Management Organization complies with the Contracts of Public Servants with Public Entities statute, MCL 15.321 et seq.
- (iv) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of an AHERA asbestos plan and lead based paint survey for the site or sites set forth in the Schedules.
- (v) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of a current boiler inspection/ approval for the site or sites set forth in the Schedules.
- (vi) The Academy shall provide documentation to the Charter Schools Office Director confirming that the Academy has received occupancy approval from the Michigan Department of Consumer and Industry Services' Office of Fire Safety for the site or sites set forth in the Schedules.
- (vii) The Academy shall provide documentation to the Charter Schools Office Director that it has obtained a short-term cash flow loan to cover the initial cost of operations for the initial academic year. The Academy shall comply with section 1225 of the Revised School Code and the Revised Municipal Finance Act with respect to approving and obtain such funds.
- (viii) Any additional financial information or documentation requested by the University President.
- (ix) If the Academy, for any reason, is unable to enroll students and conduct classes by October 1, 2012, then this Contract is automatically terminated without further action of the parties

The Academy shall notify the Charter Schools Office in writing following completion of the conditions set forth in this Section 12.14(b). For good cause, the Charter Schools Office Director may extend the deadlines set forth above. If the Charter Schools Office Director determines that the Academy has not satisfied the conditions set forth in this Section 12.14(b), the Charter Schools Office Director shall issue a Contract termination letter to the Academy for failing to meet certain conditions set forth in this Section 12.14(b). The issuance of the termination letter by the Charter Schools Office Director shall automatically terminate this Contract without any further action by either the University Board or the Academy Board. Upon issuance of the termination letter, the Charter Schools Office Director shall notify the Superintendent of Public Instruction and the Michigan Department of Education that the Contract has been terminated.

Section 12.15. Survival of Provisions. The terms, provisions, and representations contained in Section 11.4, Section 11.11, Section 12.7, and any other provision of this Contract that by their sense and context are intended to survive termination of this Contract shall survive.


Section 12.16. Termination of Responsibilities. Upon termination or revocation of this Contract, the University Board and its designees shall have no further obligations or responsibilities under this Contract to the Academy or any other person or persons in connection with this Contract.

Section 12.17. Disposition of Academy Assets Upon Termination or Revocation of Contract. Following termination or revocation of the Contract, the Academy shall follow the applicable wind-up and dissolution provisions set forth in the Academy's articles of incorporation and in accordance with Applicable Law.

As the designated representative of the Grand Valley State University Board of Trustees, I hereby issue this Contract to the Academy on the date set forth above.

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By:


University President or his/her designee

As the authorized representative of the Academy, I hereby certify that the Academy is able to comply with the Contract and all Applicable Law, and that the Academy, through its governing board, has approved and agreed to comply with and be bound by the terms and conditions of this Contract.

CORNERSTONE HEALTH SCHOOL

By:


Academy Board President

AMENDMENT TO CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY

BETWEEN

CORNERSTONE HEALTH SCHOOL
(A PUBLIC SCHOOL ACADEMY)
AND


GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)

In accordance with Section 9.1 of the Terms and Conditions of the Contract ("Contract") dated July 1, 2012, issued by the GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES ("University Board") to CORNERSTONE HEALTH SCHOOL ("Academy"), the parties agree to the following:

1. The following Contract Schedule is amended:
 - a. Amend Schedule 7-3, Staff Responsibilities, by adding the language attached under TAB A to the end of the Schedule.

The undersigned have read, understand and agree to comply with and be bound by the terms of and the conditions set forth in this Amendment to the Contract.

CORNERSTONE HEALTH SCHOOL

By: 
Kevin Schneiders

Its: Board President

Date: 2/11/14

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By: 
Timothy H. Wood, Ph.D.

Its: Authorized Designee

Date: 2/28/14

Administrator and Teacher Evaluation Systems. The Academy Board shall adopt and implement for all teachers and school administrators a rigorous, transparent, and fair performance evaluation system that complies with sections 1249 and 1250 of the Code. If the Academy enters into an agreement with an Educational Service Provider, then the Academy Board shall ensure that the Educational Service Provider adopts a performance evaluation system that complies with this section.

Performance Evaluation System Commencing with the 2013-2014 School Year. If the Academy Board adopts and implements for all teachers and school administrators a performance evaluation system that complies with section 1249(7) of the Code, then the Academy Board is not required to implement a performance evaluation system that complies with section 1249(2) and (3). If the Academy enters into an agreement with an Educational Service Provider, then the Academy Board shall ensure that the Educational Service Provider adopts a performance evaluation system that complies with this section.

Parent Notification of Ineffective Teacher Ratings. Beginning with the 2015-2016 school year and continuing on during the term of this Contract, if a pupil is assigned to be taught by a teacher who has been rated as ineffective on his or her 2 most recent annual year-end evaluations under section 1249, the Academy Board shall notify the pupil's parent or legal guardian that the pupil has been assigned to a teacher who has been rated as ineffective on the teacher's 2 most recent annual year-end evaluations. The notification shall be in writing and shall be delivered to the pupil's parent or legal guardian by U.S. mail not later than July 15th immediately preceding the beginning of the school year for which the pupil is assigned to the teacher, and shall identify the teacher who is the subject of the notification.

Teacher and Administrator Job Performance Criteria. The Academy Board shall implement and maintain a method of compensation for its teachers and school administrators that includes job performance and job accomplishments as a significant factor in determining compensation and additional compensation earned and paid in accordance with Applicable Law. The assessment of job performance shall incorporate a rigorous, transparent, and fair evaluation system that evaluates a teacher's or school administrator's performance at least in part based upon data on student growth as measured by assessments and other objective criteria. If the Academy enters into an agreement with an Educational Service Provider, then the Academy Board shall ensure that the Educational Service Provider complies with this section.

CONTRACT AMENDMENT
TO THE CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY
ISSUED BY
GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)
TO
CORNERSTONE HEALTH SCHOOL
(A PUBLIC SCHOOL ACADEMY)

CONTRACT AMENDMENT
CORNERSTONE HEALTH SCHOOL

In accordance with Article IX of the Restated Terms and Conditions of the Contract ("Contract") dated July 1, 2012, issued by Grand Valley State University Board of Trustees ("University Board") to Cornerstone Health School ("Academy"), the Contract is hereby amended to reflect the changes in Applicable Law resulting from the passage of Public Act 277 of 2011 (hereinafter "Act 277"):

A. AMEND TERMS AND CONDITIONS.

1. Amend Article I of the Terms and Conditions, Section 1.1 Definitions, by deleting the current Section 1.1(j) and adding the following new definitions, re-lettering the remaining subsections accordingly:

"(j) "Educational Service Provider" or "ESP" means an educational management organization as defined under section 503c of the Code, MCL 380.503c that has entered into a contract or agreement with the Academy Board for operation or management of the Academy, which contract has been submitted to the University Charter Schools Office Director for review as provided in Section 11.12 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the Charter Schools Office Educational Service Provider Policies, as they may be amended from time to time, and Applicable Law.

(l) "Management Agreement or ESP Agreement" means an agreement as defined under section 503c of the Code, MCL 380.503c that has been entered into between an ESP and the Academy Board for operation and/or management of the Academy, which has been submitted to the University Charter Schools Office Director for review as provided in Section 11.12 and has not been disapproved by the University Charter Schools Office Director, and is consistent with the CSO Educational Service Provider Policies as they may be amended from time to time, and Applicable Law."

2. Amend Article II of the Terms and Conditions, Role of Grand Valley State University Board of Trustees as Authorizing Body, by adding the language in bold to the following Section 2.8 Authorizing Body Contract Authorization Process. The amended section should read as follows:

"Section 2.8. Authorizing Body Contract Authorization Process. Pursuant to the Code, the University Board is not required to issue a contract to the Academy. This Contract is for a fixed term and will terminate at that end of the Contract Term set forth in Section 12.14 without any further action of either the Academy or the University Board. Prior to the end of the Contract term, the University Board shall provide a description of the process and standards by which the Academy may be considered for the issuance of a new contract. The timeline for consideration of whether to issue a new contract to the Academy shall be solely determined by

the University Board. **The standards for the issuance of a new contract shall include increases in academic achievement for all groups of pupils as measured by assessments and other objective criteria established by the University Board as the most important factor of whether to issue or not issue a new contract.** The University Board, at its sole discretion, may change its process and standards for issuance of a contract at anytime, and any such changes shall take effect automatically without the need for any amendment to this Contract. Consistent with the Code, the University Board may elect, at its sole discretion, not to consider the issuance of a contract, consider reauthorization of the Academy and elect to not issue a contract, or consider reauthorization of the Academy and issue a contract for a fixed term.”

3. Amend Article VI of the Terms and Conditions, Operating Requirements, by adding the language in bold to the following sections. The amended sections should read as follows:

“Section 6.3. Educational Goals. The Academy shall pursue the educational goals and programs identified for each School and contained in the Schedules. **The educational goals shall include demonstrated improved pupil academic achievement for all groups of pupils.** Such goals and programs may be amended pursuant to Section 9.1 of Article IX of the Terms and Conditions. Upon request, the Academy shall provide the University Charter Schools Office with a written report, along with supporting data, assessing the Academy’s progress toward achieving its goal(s).

Section 6.5. Method of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate pupils’ work based on the assessment strategies identified in the Schedules. **To the extent applicable, the pupil performance of the Academy shall be assessed using at least the Michigan Education Assessment Program (MEAP) test or the Michigan Merit Examination (MME) designated under the Code.** The Academy shall provide the Charter Schools Office with copies of reports, assessments and test results concerning the following:

- (a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- (b) as assessment of student performances at the end of each academy school year or at such other times as the University Board may reasonably request;
- (c) an annual education report in accordance with the Code; and
- (d) an annually administered nationally recognized norm-referenced achievement test for the Academy’s grade configuration, or a program of testing approved by the University Charter Schools Office Director; and
- (e) all tests required under Applicable Law.

The University Board may use such reports, assessments, and test results in making its decision to continue, suspend, terminate, or revoke the Contract or the Academy’s authorization to operate a particular School(s).

Section 6.7. Admissions Policy. The Academy shall comply with the admissions policies and criteria required by law. A copy of the Academy’s admission policies and criteria is

set forth in the Schedules. With respect to the Academy's pupil admissions process, the Academy shall provide any documentation or information requested by the University Charter Schools Office that demonstrates the following:

(a) the Academy has made a reasonable effort to advertise its enrollment efforts to all pupils; and

(b) the Academy's open enrollment period was for a duration of at least 2 weeks and permitted the enrollment of pupils by parents at times in the evening and on weekends."

4. Amend Article VI of the Terms and Conditions, Operating Requirements, by deleting, in its entirety, Section 6.11, Address and Description of Proposed Site(s), and replacing it with the following:

"Section 6.11. Address and Description of Proposed Site(s); Process for Expanding Academy's Site Operations. The proposed address and physical plant description of the Academy's proposed site or sites is set forth in Schedule 7-8. Following Academy Board and University Board approval, proposed changes to the address and description of any site or sites shall be incorporated into this Contract by amendment. With the approval of the University Board, the Academy Board may operate the same configuration of age or grade levels at more than one (1) site if each configuration of age or grade levels and each site identified in Schedule 7-8 are under the direction and control of the Academy Board.

The University Board's process for evaluating and approving the same configuration of age or grade levels at more than one (1) site is as follows:

By formal resolution, the Academy Board may request the authority to operate the same configuration of age or grade levels at more than one site. The Academy Board shall submit to the University Charter Schools Office an application for site expansion, in a form or manner determined by the University Charter Schools Office. The application for site expansion shall include all information requested by the University Charter Schools Office, including detailed information about the site, revised budget, renovation and site improvement costs, the Academy's proposed operations at the site, and the information provided in Contract Schedules 7-8. Upon receipt of a complete application for site expansion, the University Charter Schools Office shall review the application for site expansion and make a recommendation to the University Board on whether the Academy's request for site expansion should be approved. A positive recommendation by the University Charter Schools Office of the application for site expansion shall include a determination by the Charter Schools Office that the Academy is operating in compliance with the Contract and is making measureable progress toward meeting the Academy's educational goals. The University Board may consider the Academy Board's site expansion request following submission by the University Charter Schools Office of a positive recommendation.

If the University Board approves the Academy Board's site expansion request, the Contract shall be amended in accordance with Article IX of these Terms and Conditions. The University Board reserves the right to modify, reject, or approve any application for site expansion in its sole and absolute discretion."

5. Amend Article VI of the Terms and Conditions, Operating Requirements, by amending the first sentence of Section 6.15 Matriculation Agreements, so that the section reads as follows:

“Section 6.15. Matriculation Agreements. **Before the Academy Board approves a matriculation agreement with another public school**, the Academy shall provide a draft copy of the agreement to the University Charter Schools Office for review. Any matriculation agreement entered into by the Academy shall be added to the Schedules through a contract amendment approved in accordance with the Contract. Until the matriculation agreement is incorporated into the Contract, the Academy is prohibited from granting an enrollment priority to any student pursuant to that matriculation agreement.”

6. Amend Article VI of the Terms and Conditions, Operating Requirements, by adding the following new section to the end of this Article:

“Section 6.16. Postings of Adequate Yearly Progress (AYP) and Accreditation Status. **The Academy shall post notices to the Academy’s homepage of its website disclosing the adequate yearly progress status and accreditation status of each school in accordance with section 1280E of the Code, MCL 380.1280E.**”

7. Amend Article X of the Terms and Conditions, Contract Revocation, Suspension, and Termination by adding the language in bold to Section 10.4. Statutory Grounds for Revocation. The amended section should read as follows:

“Section 10.4. Statutory Grounds for Revocation. In addition to the grounds for an automatic revocation of the Contract as set forth in Section 10.7, this Contract may also be revoked by the University Board upon a determination by the University Board, pursuant to the procedures set forth in Section 10.6, that one or more the following has occurred:

- (a) Failure of the Academy to **demonstrate improved pupil academic achievement for all groups of pupils or meet the educational goals set forth in the Contract**;
- (b) Failure of the Academy to comply with all Applicable Law;
- (c) Failure of the Academy to meet generally accepted public sector accounting principles **and demonstrate sound fiscal stewardship**; or
- (d) The existence of one or more other grounds for revocation as specified in this Contract.”

8. Amend Article X of the Terms and Conditions, Contract Revocation, Suspension, and Termination by adding the language in bold to Section 10.6(d). Plan of Correction Shall Include Conditions to Satisfy University Board’s Contract Reconstitution Obligation. The amended section should read as follows:

“Section 10.6(d). Plan of Correction May Include Conditions to Satisfy University Board’s Contract Reconstitution Authority. As part of the Plan of Correction, the CSO Director may reconstitute the Academy in an effort to improve student educational performance and to avoid interruption of the educational process. An attempt to improve student educational

performance may include, but is not limited to, one of the following actions: (i) removal of 1 or more members of the Academy Board; (ii) termination of at-will board appointments of 1 or more Academy Board members; (iii) withdrawal of the Academy's authorization to contract with an ESP; or (iv) the appointment of a new Academy Board or a trustee to take over operations of the Academy. **The University Charter Schools Office shall notify the Superintendent of Public Instruction of any Plan of Correction that includes a reconstitution of the Academy to ensure that the Academy is not included on the list of school buildings subject to automatic closure under section 1280c of the Code."**

9. Amend Article X of the Terms and Conditions, Contract Revocation, Suspension, and Termination by deleting, in its entirety, Section 10.7 Termination by Authorizing Body.
10. Amend Article X of the Terms and Conditions, Contract Revocation, Suspension, and Termination by amending Section 10.8 Automatic Revocation by State of Michigan. The Amended Section should read as follows:

"Section 10.7. Automatic Revocation by State of Michigan. If the University Board is notified by the Superintendent of Public Instruction that the Academy is subject to closure under Part 6a of the Code ("State's Automatic Closure Notice"), and the Academy is currently not undergoing a reconstitution as part of a Plan of Correction developed under Section 10.6, then this Contract shall automatically be amended to eliminate the Academy's authority to operate certain age and grade levels at the site or sites identified in the State's Automatic Closure Notice. If the State's Automatic Closure Notice includes all of the Academy's existing sites, then this Contract shall automatically be revoked at the end of the current school year in which the notice is received without any further action of the University Board or the Academy. The University Board's revocation procedures set forth in Section 10.6 do not apply to an automatic revocation initiated by the State.

Following receipt of the State's Automatic Closure Notice, the **University Board** shall forward a copy of the State's Automatic Closure Notice to the Academy Board and request a meeting with Academy Board representatives to discuss the Academy's plans and procedures for the **elimination of certain age or grade levels at the identified site or sites, or if all of the Academy's existing sites are included in the State's Automatic Closure Notice, then wind-up and dissolution of the Academy corporation at the end of the current school year.** All Academy inquiries and requests for reconsideration of the State's Automatic Revocation Notice shall be directed to the Superintendent of Public Instruction, in a form and manner determined by that office or the **Michigan Department of Education."**

11. Amend Article XI of the Terms and Conditions, Provisions Relating to Public School Academies, by adding the following section, re-numbering the remaining subsections accordingly:

"Section 11.11. Educational Service Provider Agreements. The Academy may enter into an ESP Agreement with an ESP to contract out its administrative and/or educational functions and personnel. For the purposes of this Contract, an employee leasing agreement shall be considered an ESP Agreement, and an employee leasing company shall be considered an ESP. Prior to entering any ESP Agreement with an ESP, the Academy shall submit a copy of the final draft ESP Agreement to the University charter Schools Office in

a form or manner consistent with the ESP policies of the University Charter Schools Office, which are incorporated into and be deemed part of this Contract. The Charter Schools Office may, from time to time during the term of this Contract, amend the ESP policies and the amended policies shall automatically apply to the Academy without any amendment under Article IX of this Contract. The University Charter Schools Office may disapprove the proposed ESP Agreement submitted by the Academy if the ESP Agreement is contrary to this Contract or Applicable Law. Any subsequent amendment to an ESP Agreement shall be submitted for review by the University Charter Schools Office in the same form and manner as a new ESP Agreement.”

12. Amend Article XI of the Terms and Conditions, Provisions Relating to Public School Academies, by adding the following language in bold to the end of Section 11.12, Required Provisions for Educational Management Organization Agreements:

“Compliance with Section 503c. On an annual basis, the ESP agrees to provide the Academy Board with the same information that a school district is required to disclose under section 18(2) of the State School Aid Act of 1979, MCL 388.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the Academy Board shall make the information available on the Academy’s website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c shall have the same meaning in this Agreement.”

13. Amend Article XI of the Terms and Conditions, Provisions Relating to Public School Academies, by amending Section 11.12 Incompatible Public Offices and Conflicts of Interest Statutes by adding the language in bold. Delete the current subsection (f). The section shall read as follows:

“Section 11.13. Incompatible Public Offices and Conflicts of Interest Statutes. The Academy shall comply with the Incompatible Public Offices statute, being MCL 15.181 et seq. of the Michigan Compiled Laws, and the Contracts of Public Servants with Public Entities statute, being MCL 15.321 et seq. of the Michigan Compiled Laws. The Academy Board shall ensure compliance with Applicable Law relating to conflicts of interest. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited conflicts of interest for purposes of this Contract:

(a) An individual simultaneously serving as an Academy Board member and an owner, officer, director, employee or consultant **of an educational service provider or an employee leasing company that has an ESP agreement with the Academy;**

(b) An individual simultaneously serving as an Academy Board member and an Academy employee;

(c) An individual simultaneously serving as an Academy Board member and an independent contractor to the Academy;

(d) An individual simultaneously serving as an Academy Board member and a member of the governing board of another public school; and

(e) An individual simultaneously serving as an Academy Board member and a University official, employee, or consultant, to the University.”

14. Amend Article XI of the Terms and Conditions, Provisions Relating to Public School Academies, by deleting the old Section 11.13, Certain Familial Relationships Prohibited, and replacing it with the following:

“Section 11.14. Prohibition of Identified Family Relationships. The Academy Board shall prohibit specifically identified family relationships pursuant to applicable law and the Terms and Conditions of this Contract. Notwithstanding any other provision of this Contract, the following shall be deemed prohibited familial relationships for the purposes of this Contract:

(a) No person shall be appointed or reappointed to serve as an Academy Board member if the person’s mother, mother-in-law, father, father-in-law, son, son-in-law, daughter, daughter-in-law, sister, sister-in-law, brother, brother-in-law, spouse or same-sex domestic partner:

(i) Is employed by the Academy;

(ii) Works at or is assigned to the Academy;


(iii) Has an ownership, officer, policymaking, managerial, administrative non-clerical, or other significant role with the Academy’s ESP or employee leasing company.”

15. Amend Article XI of the Terms and Conditions, Provisions Relating to Public School Academies, by inserting the following bold language as the Section 11.16, re-numbering the remaining sections accordingly:

“Section 11.16. Oath of Public Office. Academy Board members are public officials. Before entering upon the duties of a public school board member, each Academy Board member shall take, sign and file the constitutional oath of office with the University Charter Schools Office.”

By operation of law, the changes in law under Act 277 identified in this Contract Amendment shall take effect on March 28, 2012.

These amendments are hereby acknowledged by the University Board and the Academy through their authorized designees.


By: Timothy H. Wood, Ph.D.
Charter Schools Office
Designee of the University Board

Dated: 1-2-2013 2012


By: Arthur O'Reilly
Academy Board Designee

Dated: December 13 2012

AMENDMENT TO CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY

BETWEEN

CORNERSTONE HEALTH SCHOOL
(A PUBLIC SCHOOL ACADEMY)

AND

GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)

In accordance with Section 9.1 of the Terms and Conditions of the Contract ("Contract") dated July 1, 2012, issued by the GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES ("University Board") to CORNERSTONE HEALTH SCHOOL ("Academy"), the parties agree to the following:

1. Amend the Terms and Conditions and Contract Schedules by changing all name references of the academy from "Cornerstone Health School" to "Cornerstone Health and Technology School."
2. The following Contract Schedules are amended:
 - a. Amend Schedule 2, Articles of Incorporation, by adding the language attached under TAB A to the end of the Schedule.
 - b. Amend Schedule 7-8, Address and Description of Proposed Physical Plant; Lease or Deed for Proposed Site; Occupancy Certificate, by replacing the current documents with the documents attached under TAB B.

The undersigned have read, understand and agree to comply with and be bound by the terms of and the conditions set forth in this Amendment to the Contract.

CORNERSTONE HEALTH SCHOOL

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By: 
Kevin Schnieders

By: 
Timothy H. Wood, Ph.D.

Its: Board President

Its: Authorized Designee

Date: 08/21/2014

Date: 11-25-14

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
FILING ENDORSEMENT

This is to Certify that the CERTIFICATE OF AMENDMENT - CORPORATION

for

CORNERSTONE HEALTH AND TECHNOLOGY SCHOOL

ID NUMBER: 70950W

received by facsimile transmission on November 12, 2014 is hereby endorsed.

Filed on November 13, 2014 by the Administrator.

This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.





Sent by Facsimile Transmission

*In testimony whereof, I have hereunto set my
hand and affixed the Seal of the Department,
in the City of Lansing, this 13th day
of November, 2014.*

Alan J. Schefke, Director
Corporations, Securities & Commercial Licensing Bureau

CSCL/CD-515 (Rev. 01/14)

MICHIGAN DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS CORPORATIONS, SECURITIES & COMMERCIAL LICENSING BUREAU			
Date Received		This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name John C. Kava			
Address 31700 Middlebelt Road, Suite 125			
City	State	ZIP Code	
Farmington Hills	MI	48334	
			EFFECTIVE DATE:

 Document will be returned to the name and address you enter above.
If left blank, document will be returned to the registered office. 

CERTIFICATE OF AMENDMENT TO THE ARTICLES OF INCORPORATION

For use by Domestic Profit and Nonprofit Corporations

(Please read information and instructions on the last page)

Pursuant to the provisions of Act 284, Public Acts of 1972, (profit corporations), or Act 162, Public Acts of 1982 (nonprofit corporations), the undersigned corporation executes the following Certificate:

1. The present name of the corporation is:
CORNERSTONE HEALTH AND TECHNOLOGY HIGH SCHOOL

2. The identification number assigned by the Bureau is: 70950W

3. Article _____ I. _____ of the Articles of Incorporation is hereby amended to read as follows:

The name of the corporation is: CORNERSTONE HEALTH AND TECHNOLOGY SCHOOL.

The authorizing body for the corporation is : Grand Valley State University ("GVSU") Board of Trustees, ("Board of Trustees"), 1 Campus Drive, Allendale, Michigan 49401.

COMPLETE ONLY ONE OF THE FOLLOWING:

4. Profit or Nonprofit Corporations: For amendments adopted by unanimous consent of incorporators before the first meeting of the board of directors or trustees.

The foregoing amendment to the Articles of Incorporation was duly adopted on the _____ day of _____, _____, in accordance with the provisions of the Act by the unanimous consent of the incorporator(s) before the first meeting of the Board of Directors or Trustees.

Signed this _____ day of _____, _____

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

(Signature)

(Signature)

(Type or Print Name)

(Type or Print Name)

5. Profit Corporation Only: Shareholder or Board Approval

The foregoing amendment to the Articles of Incorporation proposed by the board was duly adopted on the _____ day of _____, _____, by the: (check one of the following)

- ☐ shareholders at a meeting in accordance with Section 611(3) of the Act.
- ☐ written consent of the shareholders having not less than the minimum number of votes required by statute in accordance with Section 407(1) of the Act. Written notice to shareholders who have not consented in writing has been given. (Note: Written consent by less than all of the shareholders is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ written consent of all the shareholders entitled to vote in accordance with Section 407(2) of the Act.
- ☐ board of a profit corporation pursuant to section 611(2) of the Act.

Profit Corporations and Professional Service Corporations

Signed this _____ day of _____, _____

By _____
(Signature of an authorized officer or agent)

(Type or Print Name)

6. Nonprofit corporation only: Member, shareholder, or board approval

The foregoing amendment to the Articles of Incorporation was duly adopted on the 21st day of August, 2014 by the (check one of the following)

Member or shareholder approval for nonprofit corporations organized on a membership or share basis

- ☐ members or shareholders at a meeting in accordance with Section 611(2) of the Act.
- ☐ written consent of the members or shareholders having not less than the minimum number of votes required by statute in accordance with Section 407(1) and (2) of the Act. Written notice to members or shareholders who have consented in writing has been given. (Note: Written consent by less than all of the members or shareholders is permitted only if such provision appears in the Articles of Incorporation.)
- ☐ written consent of all the members or shareholders entitled to vote in accordance with section 407(3) of the Act.

Directors (Only if the Articles state that the corporation is organized on a directorship basis)

- ☒ directors at a meeting in accordance with Section 611(2) of the Act.
- ☐ written consent of all directors pursuant to Section 525 of the Act.

Nonprofit Corporations

Signed this 11th day of November, 2014

By [Signature]
(Signature of President, Vice-President, Chairperson or Vice-Chairperson)

Kevin Schnieders
(Type or Print Name)

Board President
(Type or Print Title)

CORNERSTONE HEALTH AND TECHNOLOGY SCHOOL

ADDRESS AND FACILITY DESCRIPTION

Address: 17351 Southfield Road, Detroit, MI 48235

Facility Description: The facility is located in the Northwest corner of Detroit. The building is two stories above grade, plus a partial lower level, containing approximately 52,700 square feet.

LEASE

17351 Rosemont Avenue, Detroit, Michigan 48219-4182

THIS LEASE ("Lease") is made and entered into as of July 31, 2014 (the "Effective Date"), by and between **The New Common School Foundation**, a Michigan non-profit corporation ("Landlord"), and **Cornerstone Health and Technology High School**, a public school academy organized and operating under Part 6A of the Michigan Revised School Code ("Tenant").

RECITALS

A. Landlord leases the premises described herein from the Roman Catholic Archdiocese of Detroit and under its lease has the right and authority to sublease the premises to Tenant.

B. Landlord has agreed to lease a portion of the same to Tenant, and Tenant has agreed to lease a portion of the same from Landlord as mutually agreed between the parties from time-to-time based on needs.

C. The parties desire to reduce their agreement to writing, on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing recitals, in consideration of the mutual covenants herein, in consideration of the rents to be paid to Landlord and the covenants and agreements to be performed by Tenant, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Demised Premises.

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, a portion of the premises described on the attached **Exhibit A**, together with all buildings, fixture and mechanical equipment, and all other improvements located thereon (collectively referred to herein as the "premises" or the "Property"). The building on the Property is known as the Building.

2. Term and Rent.

(a) The term of this Lease shall be for five (5) years, commencing on July 1, 2014 and expiring on June 30, 2019.

(b) From the Effective Date until June 30, 2019, Landlord agrees that Tenant shall yield and pay unto Landlord, as "**Annual Rent**" for the premises as follows:

For the Effective Date beginning July 1, 2014, to pay Landlord, as rental for the leased premises, without demand, offset or deduction, equal monthly payments due on the first day of each and every month, in advance, a monthly rental payment in an amount equal to 1/12th of eleven percent (11%) of the per pupil enrollment/state student aid grant amount (based on the State Board of Education counts whenever they may be taken). Tenant shall provide, or cause to be provided to Landlord, copies of the forms submitted to the State of Michigan regarding the student count within three (3) days after such information is submitted to the State of Michigan. Tenant will apprise Landlord regarding actual student enrollment twice yearly; the fall count in October and the winter count in February. Based on the results of these student counts, the monthly rental shall be increased or decreased retroactively to the beginning of the month of the current student count date. The enrollment of students will be set on the "Count Date" as recognized by the State of Michigan for purposes of financial aid. Tenant will make good faith efforts to meet the enrollment figures as attached in **Exhibit B**.

3. Automatic Renewal; Rental Adjustments; Changes in Demised Premises.

This Lease shall automatically be renewed an additional term on the same terms and conditions as provided herein, subject to Tenant receiving an additional charter contract from its authorizer. The renewal term of the Lease renewal shall be equivalent to the term of Tenant's charter contract with its authorizer.

4. Triple Net Lease. This Lease is intended to be a "triple net" lease, in accordance with the following:

(a) Tenant shall be required to provide all services and do all acts in connection with the Property.

(b) Tenant shall pay all expenses of any nature whatsoever during the term of this Lease which are connected with the premises, and shall maintain the premises in all respects. Landlord's responsibilities shall include but not be limited to the following: payment of all fire, hazard and liability insurance; maintenance and repair of all the interior and exterior of all improvements upon the Property, including the foundation, roof and exterior walls; maintenance of all grounds; repair of all utility systems including the electrical, sprinkler, plumbing, and H.V.A.C. systems; maintenance of all driveways, walkways and parking areas; providing lawn care and maintenance; and removing debris, snow and ice from the premises to the extent required for Landlord's and Tenant's business operations and for general safety and welfare of persons on the premises.

(c) Notwithstanding the foregoing, Tenant shall pay all costs and expenses hereunder to maintain, repair, insure, and any property taxes assessed (if any) related to the premises and the Building and Property which the premises is a part. Tenant shall also pay for one hundred percent (100%) of costs and expenses resulting from damage caused by Tenant or its students that is the result of grossly negligent or intentional acts. Tenant shall maintain its own liability insurance, naming Landlord and Landlord's lender as additional insureds.

5. **Late Charges.** If any rent due hereunder is not paid on the due date, then interest shall accrue at a rate of one and one-half percent (1.5%) per month as of the due date, in addition to any other fees or charges that Landlord accrues in collecting this late rent.

6. **Assignment and Subletting.** Tenant shall not assign this Lease or any interest in this Lease and/or sublet the premises or any part thereof without Landlord's prior written consents. Assignment of this Lease and subletting of the premises shall be further subject to the terms of this Paragraph as set forth below:

(a) In order for Landlord to consider a proposed assignment or sublease, the following conditions must be satisfied: (i) at the time of any such proposed assignment or sublease, Tenant shall not be in default under any of the terms, provisions or conditions of this Lease; (ii) the assignee or sublessee shall only occupy the premises and conduct business in accordance with the use expressly permitted herein; and (iii) Tenant and its assignee or sublessee shall execute, acknowledge and deliver to Landlord a fully executed counterpart of a written assignment of lease or sublease as the case may be, duly consented to by Tenant's guarantor, if any.

(b) In case of an assignment, Tenant shall assign to such assignee Tenant's entire interest in this Lease, together with all prepaid rents hereunder, and the assignee shall accept said assignment and assume and agree to perform, directly for the benefit of Landlord, as the case may be, all of the terms, covenants and conditions of this Lease on Tenant's part to be performed hereunder. However, notwithstanding any term or provision of this Lease to the contrary, in no event shall any assignment of the Lease include an assignment of any option set forth herein for Tenant to renew this Lease, unless Landlord, in its sole discretion, expressly consent in writing to the assignment of the option to renew.

(c) In case of subletting, the sublease shall in all respects be subject and subordinate to all of the terms and covenants and conditions of this Lease, and the sublessee thereunder shall agree to be bound by and to perform all of the terms, covenants and conditions of this Lease on Tenant's part to be performed hereunder, except the payment of rent, additional rents and other charges reserved hereunder, which Tenant shall continue to pay to Landlord, as provided herein. However, notwithstanding any term or provision of this Lease to the contrary, in no event shall the term of any sublease extend into any renewal period arising under any option set forth herein for Tenant to renew this Lease, unless Landlord, in its sole discretion expressly consents, in writing, to such term of the sublease.

(d) Notwithstanding any such assignment or subletting or the consent of Landlord under the terms of this Paragraph, both Tenant and its guarantor, if any, shall not be released or discharged from any liability whatsoever under this Lease and will continue liable hereon with the same force and effect as though no assignment or sublease has been made. Furthermore, no assignment or subletting shall be deemed a waiver of the further application of this Paragraph (regarding subsequent assignments or subletting).

(e) Other than an assignment or subletting to which Landlord consent in accordance with this Paragraph, Tenant shall not voluntarily, involuntarily or by operation of

law assign, transfer, mortgage or otherwise encumber this Lease or any interest of Tenant herein, in whole or in part, nor sublet the whole or any part of the premises or permit the premises or any part thereof to be used or occupied by others. Any attempt to encumber or assign this Lease or sublet the premises not in compliance with the provisions of this Paragraph shall be void and of no force and effect.

(f) If Tenant is a partnership, limited partnership, corporation, limited liability company or other joint venture or association, then any one or more of the following shall be considered an assignment of Tenant's interest in this Lease: (i) the dissolution, merger, consolidation or other reorganization of Tenant; (ii) the sale of any substantial part of Tenant's assets outside the ordinary course of Tenant's business; (iii) the transfer of the controlling interest in the Tenant or other form of ownership interest of Tenant; or (iv) the merger of Tenant into or with any other entity the result of which Subtenant is not the surviving entity or the reorganization or dissolution of Subtenant, shall be deemed an assignment.

(g) Landlord agrees not to unreasonably withhold their consents to any proposed assignment of this Lease or subletting of the premises, provided that the proposed assignee or sublessee and its guarantor, if any, have creditworthiness and experience in the business which constitutes the permitted use hereunder which are at least as good as that of the Tenant and its guarantor, if any.

7. **Performance.** Tenant leases the premises for the term provided herein, and covenants to pay, or cause to be paid to Landlord at the dates and times above mentioned, the rent above reserved. All rent hereunder shall be paid to Landlord without any claim on the part of Tenant for diminution or abatement. The obligations of Tenant to Landlord shall be, in all respects, and for all purposes, unconditional; and, Tenant shall not be entitled to assert any right of defense or set-off to Tenant's obligations herein, until such time as such right has been reduced to a final judgment in favor of Tenant and chargeable against Landlord, by a court of competent jurisdiction.

8. **Hazard Insurance.** Tenant shall maintain any and all insurance against fire, vandalism, malicious mischief and such other perils as are from time to time included in the standard extended coverage endorsement and, at Landlord's option, special extended coverage endorsements insuring the premises and the personal property in an amount TBD. Tenant shall maintain such insurance under insurance policies in form and substance acceptable to Landlord; and the insurer shall name Landlord and Landlord's lender as additional insured and as loss payee under such policies of insurance. Such insurance policies or certificates thereof shall, if Landlord so requests, be deposited with Landlord and Landlord's mortgagee. Tenant shall deliver to Landlord a certified copy of each policy and evidence of payment of all premiums therefor. Furthermore, each such insurance policy obtained by Tenant shall contain a provision stating in substance that such policy and the coverage thereunder shall not be modified, canceled or terminated in any respect for any reason unless and until Landlord and Landlord's mortgagee have been provided with thirty (30) days' notice of such modification, cancellation or termination.

9. **Liability Insurance.** Tenant agrees, to the extent permitted by law, to indemnify and hold harmless Landlord from any liability for damages to any person or property in, on or about the premises from any cause whatsoever. Tenant will procure and keep in effect during the term hereof public liability and property damage insurance for the benefit of Landlord and Landlord's mortgagee in such amounts and upon such terms (including deductibles and limits of liability) as Landlord may reasonably establish from time to time. As of the date that this Lease is executed, Tenant shall have in place commercial general liability insurance on an occurrence basis against claims for "personal injury," including without limitation bodily injury, death or property damage occurring on, in or about the premises with an each occurrence limit of \$1,000,000 and a general aggregate \$3,000,000 and with a deductible of not more than \$5,000. Tenant shall maintain such insurance under insurance policies in form and substance acceptable to Landlord; and the insurer shall name Landlord and Landlord's lender as additional insured and as loss payee under such policies of insurance. Such insurance policies or certificates thereof shall, if Landlord so requests, be deposited with Landlord and Landlord's mortgagee. Tenant shall deliver to Landlord a certified copy of each policy and evidence of payment of all premiums therefor. Furthermore, each such insurance policy obtained by Tenant shall contain a provision stating in substance that such policy and the coverage thereunder shall not be modified, canceled or terminated in any respect for any reason unless and until Landlord and Landlord's mortgagee have been provided with thirty (30) days' notice of such modification, cancellation or termination.

10. **Waiver of Subrogation.** Each party hereto does hereby remise, release and discharge the other party hereto and any officer, agent, employee, partner or representative of such party, of and from any liability whatsoever hereafter arising from loss, damage or injury caused by fire or other casualty for which insurance (permitting waiver of liability and containing a waiver of subrogation) is carried by the injured party at the time of such loss, damage or injury to the extent of any recovery by the injured party under such insurance.

11. **Non-Payment of Expenses.** If Tenant shall default in any payment or expenditure, other than rent required to be paid or expended by Tenant under the terms hereof, Landlord may at its option make such payment or expenditure, in which event the amount thereof shall be payable as rental to Landlord by Tenant five (5) days after presentment, together with interest at a rate of interest which is two percent (2%) in excess of the Prime Rate as announced in The Wall Street Journal as in effect for each month from the date of such payment or expenditure by Landlord. On default in such payment, Landlord shall have the same remedies as on default in payment of rent. Notwithstanding the foregoing, in no event shall the interest rate hereunder exceed the highest rate permitted under the circumstances pursuant to applicable law.

12. **Location of Payment.** All payments of rent or other sums to be made to Landlord, as the case may be, at 6861 East Nevada, Detroit, Michigan 48234 and may be made at such other place as Landlord shall designate in writing from time to time.

13. **Right to Mortgage; Attornment.**

(a) Landlord reserves the right to subject and subordinate this Lease at all times to the lien of any mortgage now or hereafter placed upon the premises, and to any and all advances to be made thereunder, and all renewals, replacements and extensions thereof. Tenant agrees that any mortgagee may elect to have this Lease a prior lien to its mortgage whether this Lease is dated prior or subsequent thereto. Tenant further covenants and agrees to execute and deliver upon demand such further instrument or instruments as shall be required by Landlord or any mortgagee to carry out the intent of this Paragraph.

(b) In the event any proceedings are brought for the foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of exercise of the power of sale under, any mortgage made by Landlord covering the premises, Tenant hereby attorns to, and covenants and agrees to execute an instrument in writing reasonably satisfactory to the new owner, whereby Tenant attorns to such successor in interest and recognizes such successor as Landlord under this Lease.

(c) If Landlord shall fail to pay within ten (10) days after due, any installment of principal or interest on any mortgage which is paramount to this Lease or which has been guaranteed by Tenant, or any installment of taxes or assessments affecting the premises, or shall fail promptly to remove any other lien or charge which could jeopardize Tenant's right to possession as granted herein, then Tenant may make such payment or effect such removal. If Tenant shall make any payment or advance or incur any expense for the account of Landlord, pursuant to this Paragraph or any other provision of this Lease, then Tenant shall be entitled to reimbursement therefor from Landlord.

14. **Permitted Use of Property.** During the continuance of this Lease, the premises shall be used and occupied for the operation of a school and related operations, and for any other activity conducted by Tenant at the premises prior to the date hereof. Tenant shall use the premises for no other purpose or purposes without the prior written reasonable consent of Landlord. On any breach of this Paragraph, Landlord may at its option terminate this Lease forthwith and re-enter and repossess the premises or exercise any other right or remedy provided herein.

15. **Quiet Enjoyment.** Upon payment by Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the premises for the term provided herein, without hindrance or interruption by Landlord, or any other person or persons lawfully or equitably claiming by, through or under Landlord, subject, nevertheless, to the terms of this Lease.

16. **Adjoining Property.** Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying property adjacent to or connected with the premises, or for any loss or damage resulting to Tenant or its property from bursting, stoppage or leaking of water or gas.

17. **Destruction of Property.** It is understood and agreed that if the premises be damaged or destroyed in whole or in part by fire or other casualty during the term hereof, Landlord, at its option, may or may not repair and restore the Property. If Landlord elects not to restore the Property, Landlord, in its sole discretion, may terminate the Lease.

18. **Eminent Domain.** If the whole or more than thirty percent (30%) of the premises, or if more than thirty percent (30%) of the parking areas on the premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as to the part so taken, from the date possession of that part shall be required for any public purpose. The rent shall be paid to that day, and from that day Tenant shall have the right either to cancel this Lease and declare the same null and void or to continue in the possession of the remainder of the premises under the terms herein provided. However, if Tenant continues in possession, then the rent shall be reduced in proportion to the amount of the premises taken. For this purpose, rent shall be deemed allocable eighty-five percent (85%) to the buildings and structures on the premises (*when applicable*) and fifteen percent (15%) to the parking or unimproved areas constituting part of the premises. All damages awarded for such taking shall belong to and be the property of Landlord, whether such damages shall be awarded as compensation for diminution in value to the leasehold or to the fee of the premises herein leased. However, Landlord shall not be entitled to any portion of the award made to Tenant for loss of business, moving expenses or fixtures and equipment installed in the premises at the expense of Tenant or persons claiming under Tenant. If this Lease shall not be terminated as aforesaid, then Landlord shall, within a reasonable time after such taking, restore what may remain of the premises to a condition similar to the condition existing prior to the taking, subject to a reduction in size. This paragraph shall be applied separately with respect to each parcel of real estate which is functionally separate from other parcels of real estate constituting part of the premises.

19. **Maintenance by Tenant.** Tenant and Landlord shall maintain the Property as set forth in Paragraph 4. At the expiration of the term, Tenant shall yield and deliver up the premises in like condition as when taken, reasonable use and wear thereof.

20. **Alterations by Tenant.** Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the premises or any part thereof, or attach any fixtures or equipment thereto without first obtaining Landlord's consent, which consent shall not be unreasonably withheld by Landlord. All such alterations, additions and improvements shall be performed by contractors and subject to conditions specified by Landlord. In addition, Tenant must obtain Landlord's prior written approval of any contracts or agreements entered into by Tenant regarding alterations, additions or improvements to or of the premises. All alterations, additions and improvements to the premises shall become the property of Landlord upon their installation and/or completion and shall remain on the premises upon the expiration or termination of this Lease without compensation to Tenant, unless Landlord (in Landlord's discretion) elects by written notice to Tenant to have Tenant remove the same. However, Tenant shall have the right to remove any of Tenant's movable trade fixtures and furniture which are not affixed to the premises and which may be readily removed without causing damage to or diminution in the value of the premises. Upon removal of any of the foregoing

(at Landlord's election or by Tenant's right as provided above), Tenant shall promptly restore the premises to their condition existing prior to the installation of the items being removed.

21. **Construction Liens.** In the event a construction lien shall be filed against the premises or the Property or Tenant's interest therein as a result of any work undertaken by Tenant, or as a result of any repairs or alterations made by Tenant, or any other act of Tenant, Tenant shall, within ten (10) days after receiving notice of such lien, discharge such lien either by payment of the indebtedness due the lien claimant or by filing a bond (as provided by statute) as security therefor. In the event Tenant shall fail to discharge such lien, Landlord shall have the right to procure such discharge by paying such lien or by filing such bond, in which case Tenant shall pay the amount of such lien or the cost of such bond to Landlord as additional rent upon the first day that rent shall be due thereafter in accordance with Paragraph 11 hereof.

22. **Tenant's Acceptance of Premises.** Tenant acknowledges that no representations as to the condition of the premises or state of repairs thereof have been made by Landlord, or its agent, which are not herein expressed. Tenant hereby accepts the premises in their present condition with the understanding that the current rehabilitation of the premises will be completed in the near future in accordance with the Landlord's plans. Tenant agrees that it will accept the premises, AS IS, as of the date of completion.

23. **Nuisance.** Tenant shall not perform any acts or carry on any practice which may injure any buildings or structures on the premises or be a nuisance or menace to neighbors or others. Tenant shall keep the premises under its control (including adjoining drives, streets, alleys or yards) clean and free from rubbish, dirt, snow and ice at all times. If Tenant shall not comply with these provisions, then Landlord may enter upon the premises and have rubbish, dirt, and ashes removed and the premises cleaned, in which event Tenant shall pay all charges that Landlord shall pay for hauling rubbish, ashes and dirt, or cleaning the premises. Said charges shall be paid to Landlord by Tenant as soon as a bill is presented, and Landlord shall have the same remedy as provided in Paragraph 11 of this Lease in the event of Tenant's failure to pay.

24. **Compliance With Local Laws.** Tenant shall at its own expense, under penalty of forfeiture and damages, promptly comply with all lawful laws, orders, regulations or ordinances of all local, municipal, County, State and federal authorities affecting the premises and the cleanliness, safety, occupation and use of same. Notwithstanding the foregoing, Tenant shall not be liable for any hazardous materials that exist on or about the Property as of the date Tenant first takes possession of the Property or which are introduced or exacerbated by Landlord or any third parties.

25. **Notice of Rental.** In the case that Tenant is unable to obtain a Charter Contract from any public school academy authorizer, or either Party provides notice to terminate as provided in Paragraph 3 of this lease, tenant agrees that for a period commencing sixty (60) days prior to the termination of this Lease, Landlord may show the premises to prospective tenants, and may display in and about the premises and in the windows thereof the usual and ordinary "TO RENT" signs.

26. **Holding Over.** In the event of Tenant holding over after the termination of this Lease, the tenancy shall be from month to month in the absence of a written agreement to the contrary. The rent amount during any such period of holding over shall be one hundred percent (100%) of the rent amount otherwise applicable hereunder.

27. **Utilities.** The parties acknowledge that Tenant shall pay all charges made against the premises for all utilities including, without limitation, gas, water, heat and electricity during the continuance of this Lease as the same shall become due. Notwithstanding the foregoing, Tenant shall pay a proportionate share of all such charges made against the premises for all utilities during the term of this Lease.

28. **Signs.** All signs and advertising displayed in and about the premises shall be such only as to advertise the business carried on upon the premises. No awning shall be installed or used on the exterior of the building unless approved in writing by Landlord.

29. **Landlord's Right of Inspection.** Landlord shall have the right to enter upon the premises at all reasonable hours for the purpose of inspecting the same. If Landlord deems any repairs necessary, Landlord, as the case may be, may demand that Tenant make the same, and if Tenant refuses or neglects forthwith to commence such repairs and complete the same with reasonable dispatch, Landlord, as the case may be, may make or cause to be made such repairs. Landlord shall not be responsible to Tenant for any loss or damage that may accrue to its business by reason of such repairs. If Landlord makes or causes to be made such repairs, Tenant shall forthwith on demand pay to Landlord, as the case may be, the cost thereof with interest at the rate provided in Paragraph 11 hereof, and if Tenant shall default in such payment Landlord shall have the remedies provided in Paragraph 11 hereof.

30. **Default by Tenant.**

(a) Tenant shall be in material default of this Lease under circumstances including but not limited to any one or more of the following:

(1) The failure of Tenant to pay any rent or other sums due hereunder within ten (10) days after the same shall be due;

(2) The failure of Tenant to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than thirty (30) days after written notice of such default shall have been furnished to Tenant;

(3) Tenant becoming bankrupt or insolvent, or filing any debtor proceedings, or taking or have taken against Tenant in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or Tenant making an assignment for the benefit of creditors, or Tenant suffering this Lease to be taken under any writ of execution, or Tenant petitioning for or entering into any similar arrangement; or

(4) The abandonment of the premises by Tenant (as used herein, the term "abandonment" shall not include the cessation of operations by Tenant at the Property, provided that Tenant continues to perform its obligations hereunder).

(b) If Tenant is in material default of this Lease, then Landlord, its attorneys, successors and assigns, in addition to any other rights or remedies they may have hereunder or at law shall have the right to declare this Lease terminated and the term ended, and/or shall have the immediate right of re-entry and may remove all persons and property from the premises, and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespassing or becoming liable for any loss or damage which may be occasioned thereby.

(c) Should Landlord elect to re-enter the premises as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord, as the case may be, may either terminate this Lease or Landlord may from time to time without terminating this Lease, make such alterations and repairs as Landlord, in Landlord's sole discretion, determines is necessary in order to relet the premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rental or rentals, as Landlord in Landlord's sole discretion may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of reasonable costs and expenses of such reletting including brokerage and attorneys' fees, and the cost of any such alterations and repairs; third, to the payment of rent due and unpaid hereunder. The residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. No such re-entry or taking possession of the premises, or any part thereof, by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may, at any time thereafter elect to terminate this Lease. In addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such breach, including the cost of recovering the premises, reasonable attorneys' fees incidental thereto, and any and all other damages incurred by Landlord as a result thereof.

31. **Remedies Cumulative.** Each and every of the rights, remedies and benefits provided by this Lease shall be cumulative, and shall not be exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

32. **Security Deposit.** No security deposit shall be required from Tenant under this Lease.

33. **Waiver of Breach.** A waiver by any party of a breach of any provision of this Lease by any other party shall not operate or be construed (a) as continuing, or (b) as a bar to, or a waiver or release of, any subsequent right, remedy, or recourse as to a subsequent event, or (c) as a waiver of any subsequent breach by that other party.

34. **Notices.** All notices, statements or other communications which are required or contemplated by this Lease shall be in writing (unless otherwise expressly provided herein) and shall be either personally served at or mailed to the last known mailing address of the person entitled thereto. In addition, a copy of each such notice, statement or communication intended for a party shall be furnished to such single additional addressee for that party as may be specified herein or specified in a like notice. All such notices, statements and other communications (or copies thereof) shall be deemed furnished to the person entitled thereto (a) on the date of service, if personally served at the last known mailing address of such person, or (b) on the date on which mailed, if mailed to such person in accordance with the terms of this Section. For purposes hereof, an item shall be considered mailed if the sender can establish that it was sent by means including, but not limited to, the following: (i) by United States Postal Service, postage prepaid; (ii) by air courier service (Federal Express or the like); or (iii) by telefax or other means of electronic communication.

35. **Successors and Assigns.** This Lease shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, administrators, executors, personal representatives, successor trustees, successors and assigns, subject, however, to the restrictions set forth herein regarding assignments and subletting by Tenant.

36. **Severability.** Should any covenant, condition, term or provision of this Lease be deemed to be illegal, or if the application thereof to any person or in any circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such covenant, condition, term or provision to persons or in circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby; and each covenant, condition, term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

37. **Course of Conduct.** No course of conduct between the parties hereto, nor any delay in exercising any rights or remedies hereunder or under any communication, report, notice or other document or instrument referred to herein, shall operate as a waiver of any of the rights or remedies of the parties hereto.

38. **Entire Agreement.** This Lease contains all the covenants, promises, agreements, conditions, representations and understandings between the parties hereto, and supersedes any prior agreements between the parties hereto, with respect to the subject matter hereof. There are no covenants, promises, agreements, conditions, representations or understandings, either oral or written, between the parties hereto, other than those set forth herein or provided for herein, with respect to the subject matter hereof.

39. **Amendment.** This Lease shall not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification,

extension or discharge is sought. The parties agree that the terms and conditions of this Lease shall be the terms and conditions of a new lease, if Tenant is authorized by Grand Valley State University, and Tenant shall lease the space within the demised premises as defined in paragraph 1 and this Lease will be amended as appropriate to meet the needs of both academies which are leasing space.

40. **Governing Law.** This Lease shall be governed by and interpreted under the laws of the State of Michigan, irrespective of where this Lease is made.

41. **Counterparts.** This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement. Copies of signatures shall be deemed as original.

42. **Gender and Number.** As the context of any provision may require, nouns and pronouns of any gender and number shall be construed in any other gender and number.

43. **Captions.** Captions used herein are inserted for reference purposes only and shall not affect the interpretation or construction of this Lease.

44. **Incorporation by Reference.** All schedules, exhibits and other attachments which are affixed to and referred to in this Lease are incorporated herein and made a part hereof by this reference.

45. **Brokerage.** The parties hereto represent to each other that neither is liable to any third party for any fee or commission by way of brokerage with respect to the execution and delivery or the performance of this Lease.

46. **Authority.** Each individual executing this Lease on behalf of an entity represents and warrants that he or she has obtained the legal authorization necessary to sign this Lease on behalf of such entity.

47. **Construction.** Each party has participated fully in the negotiation and preparation of this Lease with full benefit or availability of counsel. Accordingly, this Lease shall not be more strictly construed against either party.

48. **Payment of Legal Fees in the Event of Litigation.** In the event of any litigation between the parties concerning the subject of this Lease, the prevailing party shall be entitled to reasonable attorneys' fees. For this purpose, reasonable attorneys' fees shall be deemed to include court costs, including those for appellate proceedings, and fees for paralegals, legal assistants, accountants, and similar persons.

49. **Special Provisions Regarding Charter School Requirements.** The parties hereby agree as follows:

(a) Tenant is a body corporate and governmental entity authorized by the Revised School Code. Tenant is organized and operates as a public school academy and a

nonprofit corporation. Tenant is not part of Grand Valley State University. The relationship between Tenant and the GVSU Board of Trustees is based solely on the applicable provisions of the Revised School Code and the terms of the Charter Contract and other agreements between the GVSU Board of Trustees and Tenant. Tenant has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, the Grand Valley State University Board of Trustees, or GVSU, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties that the State of Michigan, the GVSU Board of Trustees or GVSU in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by Tenant.

(b) The Lease agreement is subject to the terms and conditions of the Charter Contract between Tenant and its authorizing body only when there is a conflict between the terms of this Lease and such Charter Contract. A copy of this Charter Contract has been provided to Landlord.

(c) The Lease shall terminate automatically and immediately upon termination or revocation of the Charter Contract between Tenant and its authorizing body, in the absence of a successor Charter Contract with another authorizing body.

(d) Landlord shall cooperate with Tenant as necessary to satisfy Tenant's obligation to provide reasonable access to Tenant's authorizing body if the authorizing body's performance of its oversight function under the Charter Contract.

(e) The parties will cooperate as necessary to secure an Occupancy Permit for Tenant to operate as a public school academy in the premises, and this Lease is conditioned upon Tenant being able to obtain such an Occupancy Permit.

50. **One Cornerstone.** Notwithstanding anything to the contrary herein contained, Tenant agrees to abide by the terms and provisions of One Cornerstone to be promulgated by Landlord to ensure the integrity of the brand name Cornerstone and the excellence in educational opportunities that are the hallmark of Cornerstone School and One Cornerstone. All such terms and provisions shall be consistent with policies and practices of Cornerstone School but shall not be in violation of any prohibition that may apply to charter schools under the laws of the State of Michigan.


Signatures on Following Page

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first set forth above.

LANDLORD:

The New Common School Foundation, a Michigan non-profit corporation

By:



W. Clark Durant, III, President

TENANT:

Cornerstone Health and Technology High School, a public school academy organized and operating under Part 6A of the Michigan Revised School Code

By:



Its:

BOARD PRESIDENT

EXHIBIT A TO LEASE

[*address*]

DESCRIPTION OF DEMISED PREMISES

The Building located at 17351 Rosemont Avenue, Detroit, Michigan 48219-4182 and is more accurately described as:

[Legal description to be included once survey is completed]

EXHIBIT B TO LEASE

PROJECTED ENROLLMENT FIGURES FOR 2014-2015

High School Projected Enrollment: ____ students

AMENDMENT TO CONTRACT TO CHARTER A PUBLIC SCHOOL ACADEMY

BETWEEN

CORNERSTONE HEALTH AND TECHNOLOGY SCHOOL
(A PUBLIC SCHOOL ACADEMY)

AND

GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES
(AUTHORIZING BODY)

In accordance with Section 9.1 of the Terms and Conditions of the Contract ("Contract") dated July 1, 2012, issued by the GRAND VALLEY STATE UNIVERSITY BOARD OF TRUSTEES ("University Board") to CORNERSTONE HEALTH AND TECHNOLOGY SCHOOL ("Academy"), the parties agree to the following:

A. The following Terms and Conditions are amended:

1. Amend Article VI, Operating Requirements, as follows:

- a. Add the following language in bold to Section 6.5. Methods of Accountability. The amended paragraph should read as follows:

"Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. To the extent applicable, the pupil performance of the Academy shall be assessed using at least the **approved state standardized assessment** designated under the Code. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law."

- b. Add the following language in bold to Section 6.15. Matriculation Agreements. The amended paragraph should read as follows:

"Section 6.15. Matriculation Agreements. Before the Academy Board approves a matriculation agreement with another public school, the Academy shall provide a draft **and final** copy of the agreement to the University Charter Schools Office for review **and retention**."

2. Amend Article X, Termination, Suspension and Revocation, as follows:
 - a. Add the following language in bold to Section 10.5. Other Grounds for Revocation, subsection (d). The amended paragraph should read as follows:

“d) The Academy files amendments to its Articles of Incorporation with the Michigan Department of Labor and Economic Growth, Bureau of Commercial Services without first obtaining University **President or Designee** approval;”
3. Amend Article XII, General Terms, as follows:
 - a. Add the following language in bold to Section 12.14. Term of Contract. The amended paragraph should read as follows:

“Section 12.14. Term of Contract.

 - (a) Initial Term of Contract. Except as otherwise provided in Section 12.14 (b) and (c) set forth below, this Contract shall commence on July 1, 2012, and shall remain in full force and effect for seven (7) years until June 30, 2019, unless sooner terminated according to the terms hereof.
 - (b) Termination of Contract During Initial Term of Contract. Consistent with the procedures set forth in this Section 12.14(b), this Contract will terminate on **June 30, 2013**, if the Academy fails to satisfy all of the following conditions:
 - (i) The Academy shall provide to the Charter Schools Office Director a copy of the Academy’s agreements with any Educational Management Organization. The terms and conditions of the agreements must be acceptable to the University President.
 - (ii) The Academy shall provide to the Charter Schools Office Director a copy of the Academy’s real property leases, sublease or other agreements set forth in the Schedules.
 - (iii) The Academy, through legal counsel, shall provide a legal opinion to the Charter Schools Office Director confirming that the Academy Board’s approval and execution of any real property lease or other agreement with Educational Management Organization complies with the Contracts of Public Servants with Public Entities statute, MCL 15.321 et seq.
 - (iv) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of an AHERA asbestos plan and lead based paint survey for the site or sites set forth in the Schedules.
 - (v) The Academy shall provide to the Charter Schools Office Director, if applicable, a copy of a current boiler inspection/ approval for the site or sites set forth in the Schedules.
 - (vi) The Academy shall provide documentation to the Charter Schools Office Director confirming that the Academy has received

occupancy approval from the Michigan Department of Consumer and Industry Services' Office of Fire Safety for the site or sites set forth in the Schedules.

- (vii) The Academy shall provide documentation to the Charter Schools Office Director that it has obtained a short-term cash flow loan to cover the initial cost of operations for the initial academic year. The Academy shall comply with section 1225 of the Revised School Code and the Revised Municipal Finance Act with respect to approving and obtain such funds.
- (viii) Any additional financial information or documentation requested by the University President.

The Academy shall notify the Charter Schools Office in writing following completion of the conditions set forth in this Section 12.14(b). For good cause, the Charter Schools Office Director may extend the deadlines set forth above. If the Charter Schools Office Director determines that the Academy has not satisfied the conditions set forth in this Section 12.14(b), the Charter Schools Office Director shall issue a Contract termination letter to the Academy for failing to meet certain conditions set forth in this Section 12.14(b). The issuance of the termination letter by the Charter Schools Office Director shall automatically terminate this Contract without any further action by either the University Board or the Academy Board. Upon issuance of the termination letter, the Charter Schools Office Director shall notify the Superintendent of Public Instruction and the Michigan Department of Education that the Contract has been terminated.

(c) Inability to Enroll Students for Classes. If the Academy, for any reason, is unable to enroll students and conduct classes by October 1, 2012, then this Contract is automatically terminated without further action of the parties."

B. The following Contract Schedule is amended:

1. Amend Contract Schedule 7-4, Methods of Accountability, by replacing the current document with the document attached under Tab A.

The undersigned have read, understand and agree to comply with and be bound by the terms of and the conditions set forth in this Amendment to the Contract.

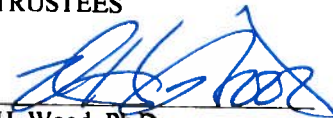
CORNERSTONE HEALTH AND
TECHNOLOGY SCHOOL

By: 
Kevin B. Schnieders

Its: Board President

Date: _____

GRAND VALLEY STATE UNIVERSITY
BOARD OF TRUSTEES

By: 
Timothy H. Wood, Ph.D.

Its: Authorized Designee

Date: 1-7-15

Tab A

SCHEDULE 7-4

Grand Valley State University shall evaluate the success of the Academy by considering multiple areas of performance. A Comprehensive Performance Review (CPR) system will be established by Grand Valley State University Charter Schools Office and shall include, but not be limited to, the performance of the Academy in the areas of student performance, board governance, organizational performance, compliance reporting, facility conditions, fiscal strength and reporting and other pertinent performance data, as required by federal and state law, the authorizing contract, or desired by the authorizer for review.

Included in the Comprehensive Performance Review shall be the requirements of Article VI Section 6.5 of the authorizing agreement, which states:

Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. To the extent applicable, the pupil performance of the Academy shall be assessed using at least the approved state standardized assessment designated under the Code. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration, or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law.

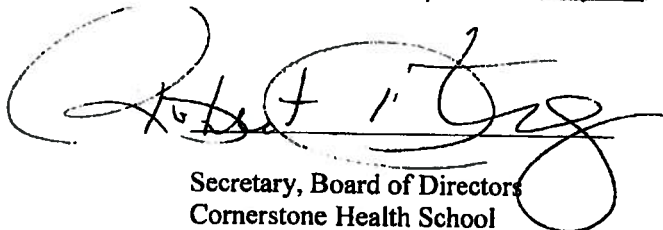
The University Board may use such reports, assessments and test results in making its decision to revoke, terminate, or not issue a new contract at the end of the Contract.

Date: 12/18/14


Board President/Vice President Signature

Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the CHHS Board of Directors at a properly noticed open meeting held on the 12 day of December, 2014, at which a quorum was present.


Secretary, Board of Directors
Cornerstone Health School

SCHEDULE 1

**METHOD OF SELECTION RESOLUTION
AUTHORIZING RESOLUTION**



CERTIFIED COPY OF RESOLUTION ADOPTED BY THE BOARD OF TRUSTEES OF
GRAND VALLEY STATE UNIVERSITY ON APRIL 29, 2011:

Cornerstone Health School 6a Contract

WHEREAS, the Michigan Legislature has provided for the establishment of public school academies as part of the Michigan public school system by enacting Act No. 362 of the Public Acts of 1993; and

WHEREAS, according to this legislation, the Grand Valley State University Board of Trustees (the "Board of Trustees"), as the governing body of a state public university, is an authorizing body empowered to issue contracts to organize and operate public school academies; and

WHEREAS, the Michigan Legislature has mandated that public school academy contracts be issued on a competitive basis taking into consideration the resources available for the proposed public school academy, the population to be served by the proposed public school academy, and the educational goals to be achieved by the proposed public school academy; and

WHEREAS, the Grand Valley State University Board of Trustees, having requested applications for organizing public school academies and having reviewed the applications according to the provisions set forth by the Michigan Legislature;

NOW, THEREFORE, BE IT RESOLVED:

1. That the application for Cornerstone Health School ("Academy"), located at 19900 McIntyre Street, Detroit, MI 48219, submitted under Section 502 of the Revised School Code, meets the Board of Trustees' requirements and the requirements of applicable law, is therefore approved;



2. That the Board of Trustees establishes the method of selection, length of term and number of members of the Academy's Board of Directors as follows:

Method of Selection and Appointment of Academy Board Members:

- a. Initial Academy Board Member Nominations and Appointments: As part of the public school academy application, the public school academy applicant shall propose to the Director of the University Charter Schools Office ("Director"), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial contract for approval to the Board of Trustees, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the Academy Board Member Questionnaire prescribed by the University Charter Schools Office; and (ii) the Criminal Background Check Report prescribed by the University Charter Schools Office.
- b. Subsequent Academy Board Member Nominations and Appointments: Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend the proposed nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The Board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.
- c. Exigent Appointments: When the Director determines an "exigent condition" exists which requires him/her to make an appointment to a public school academy's board of directors, the Director, with University President approval, may immediately appoint a person to serve as a public

school academy board member for the time specified, but not longer than the next meeting held by the Board of Trustees when a regular appointment may be made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy's board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, when a Academy Board cannot reach a quorum, when the Board of Trustees determines that an Academy Board member's service is no longer required, when an Academy Board member is removed, when an Academy Board fails to fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.

3. Qualifications of Academy Board Members: To be qualified to serve on the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.
4. Oath /Acceptance of Office / Voting Rights: Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.
5. Length of Term; Removal: An appointed Academy Board member is an "at will" board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member's term.

If the Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees may remove an Academy board member with or without cause and shall specify the date when the Academy Board

member's service ends. An Academy Board member may be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.

6. Resignations: A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective upon the date the Director sends confirmation to the resigning Academy Board member.
7. Vacancy: An Academy Board position shall be considered vacant when an Academy Board member:
 - a. Resigns
 - b. Dies
 - c. Is removed from Office
 - d. Is convicted of a felony
 - e. Ceases to be qualified
 - f. Is incapacitated
8. Filling a Vacancy: The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the "Subsequent Appointments" and "Exigent Appointments" procedures in this resolution.
9. Number of Academy Board Member Positions: The number of member positions of the Academy Board of Directors shall be five (5), seven (7) or nine (9), as determined from time to time by the Academy Board.
10. Quorum: In order to legally transact business the Academy Board shall have a quorum physically present at a duly called meeting of the Academy Board. A "quorum" shall be defined as follows:

# of Academy Board positions	# required for Quorum
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

11. Manner of Acting: The Academy Board shall be considered to have “acted,” when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

# of Academy Board positions	# for Quorum	# required to act
Five (5)	Three (3)	Three (3)
Seven (7)	Four (4)	Four (4)
Nine (9)	Five (5)	Five (5)


12. Initial Members of the Board of Directors: The Grand Valley State University Board of Trustees appoints the following persons to serve as the initial members of the Academy’s Board of Directors for the designated term of office set forth below:

Michael J. Elpers	1 year term expiring June 30, 2012
Coit C. Ford III	2 year term expiring June 30, 2013
Arthur T. O'Reilly	2 year term expiring June 30, 2013
Kevin B. Schnieders	3 year term expiring June 30, 2014

13. The Board of Trustees approves and authorizes the execution of a contract to charter a public school academy to the Academy and authorizes the University President or designee to issue a contract to charter a public school academy and related documents (“Contract”) to the Academy, provided that, before execution of the Contract, the University President or designee affirms that all terms of the contract have been agreed upon and the Academy is able to comply with all terms and conditions of the Contract and Applicable Law. This resolution shall be incorporated in and made part of the Contract.
14. Within ten days after the Board of Trustees issues the Contract, the Director will submit the Contract to the Michigan Department of Education. Pursuant to the State School Aid Act of 1979, the Michigan Department of Education shall, within thirty days after the Contract is submitted to the Michigan Department of Education, issue a district code number to each public school academy that is authorized under the Revised School Code and is eligible to receive funding under the State School Aid Act. By approving and issuing the Contract, the Board of Trustees is not responsible for the Michigan Department of Education’s issuance or non-issuance of a district code number. As a condition precedent to the Board of Trustees’ issuance of the Contract, the Applicant, the Academy and the Academy’s Board of Directors shall acknowledge and agree that the Board of Trustees, Grand Valley State University, its officers, employees and agents are not responsible for any action taken by the Academy in reliance upon the Michigan Department of Education’s issuance of a district code

number to the Academy, or for any Michigan Department of Education's decision resulting in the non-issuance of a district code number to the Academy.

IN WITNESS WHEREOF, I have hereunto signed my name as Secretary and have caused the seal of said body corporate to be hereto affixed this 18th day of May, 2011.


Teri L. Losey, Secretary
Board of Trustees
Grand Valley State University

SCHEDULE 2

ARTICLES OF INCORPORATION

Michigan Department of Licensing and Regulatory Affairs

Filing Endorsement

This is to Certify that the ARTICLES OF INCORPORATION - NONPROFIT

for

CORNERSTONE HEALTH SCHOOL

ID NUMBER: 70950W

received by facsimile transmission on May 11, 2011 is hereby endorsed

Filed on May 13, 2011 by the Administrator.

The document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.



In testimony whereof, I have hereunto set my hand and affixed the Seal of the Department, in the City of Lansing, this 13TH day of May, 2011.

Director

Bureau of Commercial Services

BCS/CD-502 (Rev.10/08)

MICHIGAN DEPARTMENT OF LABOR & ECONOMIC GROWTH BUREAU OF COMMERCIAL SERVICES			
Date Received		(FOR BUREAU USE ONLY)	
		This document is effective on the date filed, unless a subsequent effective date within 90 days after received date is stated in the document.	
Name John C. Kava			
Address 31700 Middlebelt Road, Suite 125			
City Farmington Hills	State MI	Zip Code 48334	EFFECTIVE DATE:

Document will be returned to the name and address you enter above.

If left blank document will be mailed to the registered office.

--

ARTICLES OF INCORPORATION**For use by Domestic Nonprofit Corporations**

(Please read information and instructions on the last page)

Pursuant to the provisions of the Michigan Nonprofit Corporation Act of 1982, as amended (the "Act"), being MCL 450.2101 *et seq.* and Part 6A of the Revised School Code (the "Code"), as amended, being Sections 380.501 to 380.507 of the Michigan Compiled Laws, the undersigned corporation executes the following Articles:

ARTICLE I

The name of the corporation is: Cornerstone Health School.

The authorizing body for the corporation is: Grand Valley State University ("GVSU") Board of Trustees, ("Board of Trustees"), 1 Campus Drive, Allendale, Michigan 49401.

ARTICLE II

The purposes for which the corporation is organized are:

1. Specifically, the corporation is organized for the purposes of operating as a public school academy in the State of Michigan pursuant to Part 6A of the Code, being Sections 380.501 to 380.507 of the Michigan Compiled Laws.
2. The corporation, including all activities incident to its purposes, shall at all times be conducted so as to be a governmental entity pursuant to Section 115 of the United States Internal Revenue Code ("IRC") or any successor law. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activity not permitted to be carried on by a governmental instrumentality exempt from federal income tax under Section 115 of the IRC or by a nonprofit corporation organized under the laws of the State of Michigan and subject to a Contract authorized under the Code.

ARTICLE III

1. The corporation is organized upon a Nonstock basis.
2. a. If organized on a nonstock basis, the description and value of its real property assets are: (if none, insert "none")

Real Property: none

b. The description and value of its personal property assets are: (if none, insert "none")

Personal Property: none

c. The corporation is to be financed under the following general plan:
 - a. State school aid payments received pursuant to the State School Aid Act of 1979 or any successor law.
 - b. Federal funds.
 - c. Donations
 - d. Fees and charges permitted to be charged by public school academies.
 - e. Other funds lawfully received.
d. The corporation is organized on a Directorship basis.

ARTICLE IV

1. The name of the resident agent at the registered office: John C. Kava
2. The address of the registered office is: 31700 Middlebelt Road, Suite 125, Farmington Hills, Michigan 48334.
3. The mailing address of the registered office, if different than above:
Same as address of registered office

ARTICLE V

The name and address of the incorporator is as follows:

John C. Kava
Collins & Blaha, P.C.
31700 Middlebelt Road, Suite 125
Farmington Hills, MI 48334

ARTICLE VI

The corporation is a governmental entity.

ARTICLE VII

Before execution of a contract to charter a public school academy between the Academy Board and the Board of Trustees, the method of selection, length of term, and the number of members of the Academy Board shall be approved by a resolution of the Board of Trustees as required by the Code.

The members of the Academy Board shall be selected by the following method:

1. **Method of Selection and Appointment of Academy Board Members:**
 - a. **Initial Academy Board Member Nominations and Appointments:** As part of the public school academy application, the public school academy applicant shall propose to the Director of the University Charter Schools Office ("Director"), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial contract for approval to the Board of Trustees, he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the Academy Board Member Questionnaire prescribed by the

University Charter Schools Office; and (ii) the Criminal Background Check Report prescribed by the University Charter Schools Office.

- b. **Subsequent Academy Board Member Nominations and Appointments:** Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend the proposed nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The Board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.
- c. **Exigent Appointments:** When the Director determines an "exigent condition" exists which requires him/her to make an appointment to a public school academy's board of directors, the Director, with University President approval, may immediately appoint a person to serve as a public school academy board member for the time specified, but not longer than the next meeting held by the Board of Trustees when a regular appointment may be made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy's board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, when a Academy Board cannot reach a quorum, when the Board of Trustees determines that an Academy Board member's service is no longer required, when an Academy Board member is removed, when an Academy Board fails to fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.
2. **Qualifications of Academy Board Members:** To be qualified to serve on the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.
3. **Oath /Acceptance of Office / Voting Rights:** Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.

4. **Length of Term; Removal:** An appointed Academy Board member is an "at will" board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member's term.
- If the Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees may remove an Academy board member with or without cause and shall specify the date when the Academy Board member's service ends. An Academy Board member may be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.
5. **Resignations:** A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective upon the date the Director sends confirmation to the resigning Academy Board member.
6. **Vacancy:** An Academy Board position shall be considered vacant when an Academy Board member:
- a. Resigns
 - b. Dies
 - c. Is removed from Office
 - d. Is convicted of a felony
 - e. Ceases to be qualified
 - f. Is incapacitated
7. **Filling a Vacancy:** The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the "Subsequent Appointments" and "Exigent Appointments" procedures in this resolution.
8. **Number of Academy Board Member Positions:** The number of member positions of the Academy Board of Directors shall be five (5), seven (7) or nine (9), as determined from time to time by the Academy Board.
9. **Quorum:** In order to legally transact business the Academy Board shall have a quorum physically present at a duly called meeting of the Academy Board. A "quorum" shall be defined as follows:

of Academy Board positions
Five (5)

required for Quorum
Three (3)

Seven (7)
Nine (9)

Four (4)
Five (5)

10. **Manner of Acting:** The Academy Board shall be considered to have "acted," when a duly called meeting of the Academy Board has a quorum present and the number of board members voting in favor of an action is as follows:

# of Academy Board positions	# for Quorum	# required to act
Five (5)	Three (3)	Three (3)
Seven (7)	Four (4)	Four (4)
Nine (9)	Five (5)	Five (5)

ARTICLE VIII

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its directors, board, officers or other private persons, or organization organized and operated for a profit (except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in the furtherance of the purposes set forth in Article II hereof). Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by a governmental entity exempt from Federal Income Tax under Section 115 of the IRC, or comparable provisions of any successor law.

To the extent permitted by law, upon the dissolution of the corporation, the board shall after paying or making provision for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation to the Board of Trustees for forwarding to the State School Aid Fund established under Article IX, Section 11 of the Constitution of the State of Michigan of 1963, as amended.

ARTICLE IX

The corporation and its incorporators, board members, officers, employees, and volunteers have governmental immunity as provided in Section 7 of Act No. 170 of the Public Acts of 1964, being Sections 591.1407 of the Michigan Compiled Laws.

ARTICLE X

These Articles of Incorporation shall not be amended except by the process provided in the contract executed by the Academy Board and the Board of Trustees.

ARTICLE XI

The Academy Board shall have all the powers and duties permitted by law to manage the business, property and affairs of the corporation.

ARTICLE XII

A volunteer director is not personally liable to the corporation for monetary damages for a breach of the director's fiduciary duty. This provision shall not eliminate or limit the liability of a director for any of the following:

- (i) A breach of the director's duty of loyalty to the corporation;
- (ii) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- (iii) A violation of Section 551(1) of the Michigan Nonprofit Corporation Act;
- (iv) A transaction from which the director derived an improper personal benefit;
- (v) An act or omission that is grossly negligent.

If the corporation obtains tax exempt status under section 501(c)(3) of the internal revenue code, the corporation assumes all liability to any person other than the corporation for all acts or omissions of a volunteer director occurring on or after the filing of the Articles incurred in the good faith performance of the volunteer director's duties.

This article shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Government Liability for Negligence Act, being Act No. 170, Public Acts of Michigan, 1964.

ARTICLE XIII

The corporation assumes the liability for all acts or omissions of a non-director volunteer, provided that:

- (i) The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority;
- (ii) The volunteer was acting in good faith;
- (iii) The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct;
- (iv) The volunteer's conduct was not an intentional tort; and

The volunteer's conduct was not a tort arising out of the ownership, maintenance or use of a motor vehicle as described in Section 209(e)(v) of the Michigan Nonprofit Corporation Act.

This article shall not be deemed a relinquishment or waiver of any kind of Section 7 of the Governmental Liability for negligence Act, being Act No. 170, Public Acts of Michigan,

1964

ARTICLE XIV

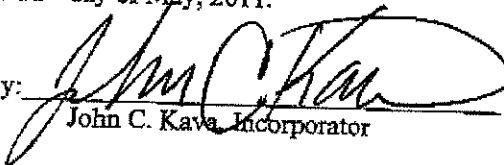
The officers of the Academy Board shall be a President, Vice-President, Secretary and a Treasurer, each of whom shall be selected by the Board of Directors. The Academy Board may select one or more Assistants to the officers, and may also appoint such other officers and agents as they may deem necessary for the transaction of the business of the corporation.

ARTICLE XV

The Articles of Incorporation shall become effective upon filing. However, the corporation shall not carry out the purposes set forth in Article II unless/or until the Board of Trustees issues to the Academy Board a contract to operate as a public school academy, and the contract is executed by both the Academy Board and the Board of Trustees.

I, the incorporator sign my name(s) this 11th day of May, 2011.

By:


John C. Kava, Incorporator

05/11/2011 5:00PM (GMT-04:00)

SCHEDULE 3

REVISED BYLAWS

**BYLAWS
OF
CORNERSTONE HEALTH SCHOOL**

**ARTICLE I
CORNERSTONE HEALTH SCHOOL**

This organization shall be called Cornerstone Health School

**ARTICLE II FORM
OF ACADEMY**

The Academy is organized as a non-profit, non-stock, directorship corporation.

**ARTICLE III
OFFICES**

Section 1. **Principal Office.** The principal office of the Academy shall be located in the State of Michigan.

Section 2. **Registered Office.** The registered office of the Academy shall be 31700 Middlebelt Road, Suite 125, Farmington Hills, Michigan 48334. It must be located in the State of Michigan, and be the business office of the registered agent, as required by the Michigan Nonprofit Corporation Act.

**ARTICLE IV BOARD OF
DIRECTORS**

Section 1. **General Powers.** The business, property and affairs of the Academy shall be managed by the Academy Board of Directors ("Academy Board"). The Academy Board may exercise any and all of the powers granted to it under the Michigan Nonprofit Corporation Act or pursuant to Part 6A of the Revised School Code ("Code"). The Academy Board may delegate said powers to the officers and committees of the Academy Board as it deems appropriate or necessary, as long as such delegation is consistent with the Articles, these Bylaws, the Contract and applicable law.

Section 2. **Method of Selection and Appointment.** Nomination and appointment to the Academy Board shall be handled in the following manner:

1. **Method of Selection and Appointment of Academy Board Members:**

- a. **Initial Academy Board Member Nominations and Appointments:** As part of the public school academy application, the public school academy applicant shall

propose to the Director of the University Charter Schools Office ("Director"), the names of proposed individuals to serve on the initial board of directors of the proposed public school academy. When the Director recommends an initial contract for approval to the Grand Valley State University Board of Trustees ("Board of Trustees"), he/she shall include recommendations for initial Academy Board members. These recommendations may, but are not required to, include individuals proposed by the public school academy applicant. To be considered for appointment, the nominees must have completed the required board member candidate application materials, including at least (i) the Academy Board Member Questionnaire prescribed by the University Charter Schools Office; and (ii) the Criminal Background Check Report prescribed by the University Charter Schools Office.

- b. **Subsequent Academy Board Member Nominations and Appointments.** Except as provided in paragraph (2) below, the Academy Board may nominate individuals for subsequent Academy Board of Director positions. As part of the appointment process, the Academy Board may submit to the Director: (i) the name of the nominee; (ii) the board member candidate application materials identified in paragraph (a) above; and (iii) a copy of the Academy Board nominating resolution. The Director may or may not recommend the proposed nominee submitted by the Academy Board. If the Director does not recommend a nominee submitted by the Academy Board, the Director shall select a nominee and forward that recommendation to the Board of Trustees for appointment. The Board of Trustees shall have the sole and exclusive right to appoint members to the Academy Board.
 - c. **Exigent Appointments.** When the Director determines an "exigent condition" exists which requires him/her to make an appointment to a public school academy's board of directors, the Director, with University President approval, may immediately appoint a person to serve as a public school academy board member for the time specified, but not longer than the next meeting held by the Board of Trustees when a regular appointment may be made by the Board of Trustees. The Director shall make the appointment in writing and notify the public school academy's board of directors of the appointment. Exigent conditions include, but are not limited to when an Academy Board seat is vacant, when an Academy Board cannot reach a quorum, when the Board of Trustees determines that an Academy Board member's service is no longer required, when an Academy Board member is removed, when an Academy Board fails to fill a vacancy, or other reasons which would prohibit the Academy Board from taking action without such an appointment.
2. **Qualifications of Academy Board Members.** To be qualified to serve on the Academy Board, a person shall: (a) be a citizen of the United States; (b) reside in the State of Michigan; (c) submit all materials requested by the GVSU Charter Schools Office including, but not limited to, a GVSU Academy Board Member Questionnaire and a release for criminal history background check; (d) not be an employee of the Academy; (e) not be a director, officer, or employee of a company or other entity that contracts with

the Academy; and (f) not be an employee or representative of GVSU or be a member of the Board of Trustees.

3. **Oath/Acceptance of Office/Voting Rights.** Following appointment by the Board of Trustees, Academy Board Appointees may begin their legal duties, including the right to vote, after they have signed an Acceptance of Public Office form and taken the Oath or Affirmation of Public Office administered by a member of the Academy Board, other public official or notary public.

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4. **Length of Term: Removal:** An appointed Academy Board member is an "at will" Board member who shall serve at the pleasure of the Board of Trustees for a term of office not to exceed three (3) years. Regardless of the length of term, terms shall end on June 30 of the final year of service, unless shorter due to other provisions of this resolution. A person appointed to serve as an Academy Board member may be reappointed to serve additional terms. When an Academy Board member is appointed to complete the term of service of another Academy Board member, their service ends at the end of the previous Academy Board member's term.

If the Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees may remove an Academy Board member with or without cause and shall specify the date when the Academy Board member's service ends. An Academy Board member may be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.

5. **Resignations:** A member of the Academy Board may resign from office by submitting a written resignation or by notifying the Director. The resignation is effective upon receipt by the Director, unless a later date is specified in the resignation. A written notice of resignation is not required. If no such written notification is provided, then the Director shall confirm a resignation in writing. The resignation shall be effective upon the date the Director sends confirmation to the resigning Academy Board member.
6. **Vacancy:** An Academy Board position shall be considered vacant when an Academy Board member:
 - a. Resigns
 - b. Dies
 - c. Is removed from office
 - d. Is convicted of a felony
 - e. Ceases to be qualified
 - f. Is incapacitated
7. **Filling a Vacancy:** The Academy Board may nominate and the Director shall recommend or temporarily appoint persons to fill a vacancy as outlined in the "Subsequent Appointments" and "Exigent Appointments" procedures to this resolution.

8. **Number of Academy Board Member Positions:** The number of member positions of the Academy Board of Directors shall be five (5), seven (7) or nine (9), as determined from time to time by the Academy Board.
9. **Quorum:** In order to legally transact business the Academy Board shall have a quorum physically present at a duly called meeting of the Academy Board. A "quorum" shall be defined as follows:

# of Academy Board positions	# required for Quorum
Five (5)	Three (3)
Seven (7)	Four (4)
Nine (9)	Five (5)

Section 3. **Compensation.** By resolution of the Academy Board, Directors may be paid their expenses, if any, of attendance at each meeting of the Academy Board, subject to the statutes regarding Contracts of Public Servants with Public Entities, Act No. 317 of the Public Acts of 1968, being Sections 15.321 to 15.330 of the Michigan Compiled Laws and the Standards of Conduct for Public Officers and Employees, Act No. 196 of the Public Acts of 1973, being Sections 15.341 to 15.348 of the Michigan Compiled Laws, and the statute concerning Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws.

ARTICLE V MEETINGS

Section 1. **Regular Meetings.** The Academy Board shall hold a regular meeting during the month of June each year. The meeting shall be held at such time and place as the Academy Board of Directors shall from time to time to determine. The Academy Board may also provide, by resolution, the time and place, within the State of Michigan, for the holding of additional regular meetings. The Academy shall provide notice of all regular meetings as required by the Open Meetings Act.

Section 2. **Special Meetings.** Special meetings of the Academy Board may be called by or at the request of the President or any Academy Board Director. The person or persons authorized to call special meetings of the Academy Board may fix the place within the State of Michigan for holding any special meeting of the Academy Board called by them, and, if no other place is fixed, the place of meeting shall be the principal business office of the corporation in the State of Michigan. The corporation shall provide notice of all special meetings as required by the Open Meetings Act.

Section 3. **Notice; Waiver.** The Academy Board must comply with the notice provisions of the Open Meetings Act. In addition, notice of any meeting shall be given to each Director stating the time and place of the meeting, delivered personally or mailed or sent by facsimile to each Director at the Director's business address. Any Director may waive notice of any meeting by written statement, or telecopy sent by the Director, signed before or after the holding of the meeting. The attendance of a Director at a meeting

constitutes a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. **Open Meetings Act.** All meetings of the Academy Board, shall at all times be in compliance with the Open Meetings Act.

Section 5. **Presumption of Assent.** A Director of the Academy Board who is present at a meeting of the Academy Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless that Director's dissent shall be entered in the minutes of the meeting or unless that Director shall file a written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. This right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE VI COMMITTEES

Section 1. **Committees.** The Academy Board, by resolution, may designate one or more committees, each committee to consist of one or more Directors selected by the Academy Board. As provided in the resolution as initially adopted, and as thereafter supplemented or amended by further resolution, the committees shall have such powers as delegated by the Academy Board, except (i) filling of vacancies in the officers of the Academy Board or committees created pursuant to this Section; (ii) amending the Articles of Incorporation or Bylaws; or (iii) any action the Academy Board cannot lawfully delegate under the Articles, Bylaws or applicable law. All committee meetings shall at all times be in compliance with the Open Meetings Act. Each committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Academy Board of its activities as the Academy Board may request.

ARTICLE VII OFFICERS OF THE BOARD

Section 1. **Number.** The officers of the Academy shall be a President, Vice President, Secretary, Treasurer, and such assistant officers as may be selected by the Academy Board.

Section 2. **Election and Term of Office.** The Academy Board shall elect the initial officers at its first duly noticed meeting. Thereafter, the Academy Board shall elect the officers annually as terms expire at the annual meeting of the Academy Board. If the election of officers is not held at that meeting, the election shall be held as soon thereafter as may be convenient. Each officer shall hold office while qualified or until the officer resigns or is removed in the manner provided in Article IV, Section 2.

Section 3. **Removal.** If the Grand Valley State University Board of Trustees determines that an Academy Board member's service in office is no longer required, then the Board of Trustees may remove an Academy Board member with or without cause and shall specify the date when the Academy Board member's service ends. An Academy Board member may be removed from office by a two-thirds (2/3) vote of the Academy's Board for cause.

Section 4. **Vacancies.** A vacancy in any office shall be filled in accordance with Article IV, Section 2.

Section 5. **President.** The President of the Academy shall be a member of the Academy Board. The President of the corporation shall preside at all meetings of the Academy Board. If there is not a President, or if the President is absent, then the Vice President shall preside. If the Vice President is absent, then a temporary chair, chosen by the members of the Academy Board attending the meeting shall preside. The President shall be an ex-officio member of all standing committees and may be designated Chairperson of those committees by the Academy Board. The President shall, in general, perform all duties incident to the office of President of the Board as may be prescribed by the Board from time to time.

Section 6. **Vice President.** The Vice President of the Academy shall be a member of the Academy Board. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice President shall perform the duties of President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to the Vice President by the President or by the Academy Board.

Section 7. **Secretary.** The Secretary of the Academy shall be a member of the Academy Board. The Secretary shall perform, or cause to be performed, the following duties: (a) keep the minutes of the Academy Board meetings in one or more books provided for that purpose; (b) see that all notices, including those notices required under the Open Meetings Act, are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all authorized documents; (d) keep a register of the post office address of each Director; and (e) perform all duties incident to the office of Secretary and other duties assigned by the President or by the Academy Board.

Section 8. **Treasurer.** The Treasurer of the Academy shall be a member of the Academy Board. The Treasurer shall perform, or cause to be performed, the following duties: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) keep accurate books and records of corporation receipts and disbursements; (c) deposit all moneys and securities received by the corporation in such banks, trust companies or other depositories as shall be selected by the Board; (d) complete all required corporate filings; (e) assure that the responsibilities of the fiscal agent of the corporation are properly carried out; and (f) in general perform all of the

duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Academy Board.

Section 9. **Assistants and Acting Officers.** The assistants to the officers, if any, selected by the Academy Board, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or Treasurer or by the Academy Board. The Academy Directors shall have the power to appoint any person to perform the duties of an officer whenever for any reason it is impractical for such officer to act personally. Such acting officer so appointed shall have the powers of ~~and be subject to all the restrictions upon the officer to whose office the acting officer is~~ so appointed except as the Academy Board may by resolution otherwise determine.

Section 10. **Salaries.** Officers shall not receive a salary unless the salary has been specifically approved by the Academy Board, subject to the statute concerning Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws. Officers of the corporation who are Directors of the corporation may not be compensated for their services. They may, however, receive traveling and other expenses.

Section 11. **Filling More Than One Office.** Subject to the statute concerning Incompatible Public Offices, Act No. 566 of the Public Acts of 1978, being Sections 15.181 to 15.185 of the Michigan Compiled Laws, any two offices of the corporation except those of President and Vice President may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity.

ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

Section 1. **Contracts.** The Academy Board may authorize any officer or officers, agent or agents, to enter into any contract, to execute and deliver any instrument, or to acknowledge any instrument required by law to be acknowledged in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances, but the appointment of any person other than an officer to acknowledge an instrument required by law to be acknowledged should be made by instrument in writing. When the Academy Board authorizes the execution of a contract or of any other instrument in the name of and on behalf of the corporation, without specifying the executing officers, the President or Vice President, and the Secretary or Treasurer may execute the name and may affix the corporate seal thereto. No contract entered into, by or on behalf of the Academy Board, shall in any way bind the University or impose any liability on the University, its trustees, officers, employees or agents.

Section 2. **Loans.** No loans shall be contracted on behalf of the corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Academy Board. Such authority may be general or confined to specific instances. No loan or advance to, or overdraft of funds by an officer or member of the Academy Board otherwise than in the ordinary and usual course of the business of the corporation, and on the ordinary and usual course of the business or security, shall be made or permitted. No loan entered into, by or on

behalf of the Academy Board, shall in any way be considered a debt or obligation of Grand Valley State University or impose any liability on Grand Valley State University, its trustees, officers, employees or agents.

Section 3. **Checks, Drafts, etc.** All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents, of the corporation and in such manner as shall from time to time be determined by resolution of the Academy Board.

Section 4. **Deposits.** All funds of the corporation not otherwise employed shall be deposited within three (3) business days after the receipt of the funds by the corporation in such banks, trust companies or other depositories as the Academy Board may select, provided that such finance institution is eligible to be a depository of surplus funds under Section 1221 of the Revised School Code, being Section 380.1221 of the Michigan Compiled Laws.

Section 5. **Voting of Securities Owned by this Corporation.** Subject always to the specific directions of the Academy Board, any shares or other securities issued by any other corporation and owner or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation or by proxy appointed by the President, or in the absence of the President and the President's proxy, by the Secretary or Treasurer of this corporation or by proxy appointed by the Secretary or Treasurer. Such proxy or consent in respect to any shares or other securities issued by any other corporation and owned by this corporation shall be executed in the name of this corporation by the President, the Secretary or the Treasurer of this corporation without necessity of any authorization by the Academy Board, affixation of corporation seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation.

Section 6. **Contracts Between Corporation and Related Persons.** As required by applicable law, any Director, officer or employee of the Academy, who enters into a contract with the Academy, that meets the definition of contract under the statute on Contracts of Public Servants with Public Entities, Act No. 317 or the Public Acts of 1968, being Sections 15.321 to 15.330 of the Michigan Compiled Laws, shall comply with the public disclosure requirement set forth in Section 3 of the statute.

ARTICLE IX INDEMNIFICATION

Each person who is or was a member of the Academy Board, or a trustee, director, officer or member of a committee of the Academy and each person who serves or has served at the request of the Academy as a trustee, director, officer, partner, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the corporation to the fullest extent permitted by the corporation laws of the State or Michigan as they may be in effect from time to time. The corporation may purchase and maintain insurance

on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his status as such, whether or not the corporation would have power to indemnify such person against such liability under the preceding sentence. The corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification to any employee or agent of the corporation to the fullest extent provided under the laws of the State of Michigan as they may be in effect from time to time.

ARTICLE X

FISCAL YEAR, BUDGET AND UNIFORM BUDGETING AND ACCOUNTING

Section 1. **Fiscal Year, Budget and Uniform Budgeting and Accounting.** The fiscal year of the corporation shall begin on the first day of July in each year. The Board of Directors, subject to the oversight responsibilities of the University Board, shall have exclusive control of the budget. The Board shall prepare and publish an annual budget in accordance with the Uniform Budgeting and Accounting Act, being Act 2 of the public laws of Michigan of 1968, as amended.

ARTICLE XI SEAL

The Academy Board may provide a corporate seal, which shall be circular in form and shall have inscribed thereon the name of the corporation, the State of Michigan and the words "Corporate Seal" and "Public School Academy".

ARTICLE XII AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by obtaining the affirmative vote of a majority of the Academy Board at any regular or special meeting of the Academy Board, if a notice setting forth the terms of the proposal have been given in accordance with the notice requirements for special meetings. Upon approval, the Academy Board shall forward the amendment to the University Charter Schools Office. The amendment shall be automatically incorporated into Schedule 3 of the Contract upon receipt of the amendment by the University Charter Schools Office. The Academy Board is encouraged to submit proposed Bylaw changes to the Charter Schools Office, for review and comment, prior to adoption. If at any time the University identifies a provision in the Academy Board's Bylaws that violates or conflicts with applicable law or the Contract, it shall notify the Academy Board in writing and the Academy Board shall remedy the identified provision to be in concert with applicable law and the Contract.

CERTIFICATION

The Board certifies that these Bylaws were adopted as and for the Bylaws of a Michigan corporation in an open and public meeting, by the Academy Board on the 17th day of November 2011.



Board President

SCHEDULE 4

FISCAL AGENT AGREEMENT

SCHEDULE 4

FISCAL AGENT AGREEMENT

This Agreement is part of the Contract issued by the Grand Valley State University Board of Trustees ("University Board"), an authorizing body as defined by the Revised School Code, as amended (the "Code"), to Cornerstone Health School ("Academy"), a public school academy.

Preliminary Recitals

WHEREAS, pursuant to the Code and the Contract, the University Board, as authorizing body, is the fiscal agent for the Academy, and

WHEREAS, the University Board is required by law to forward any State School Aid Payments received from the State of Michigan ("State") on behalf of the Academy to the Academy,

NOW, THEREFORE, in consideration of the premises set forth below, the parties agree to the following:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless otherwise provided, or unless the context requires otherwise, the following terms shall have the following definitions:

"Account" means an account established by the Academy for the receipt of State School Aid Payments at a bank, savings and loan association, or credit union which has not been deemed ineligible to be a depository of surplus funds under Section 6 of Act No. 105 of the Public Acts of 1855, being Section 21.146 of the Michigan Compiled Laws.

"Agreement" means this Fiscal Agent Agreement.

"Fiscal Agent" means the University Board or an officer or employee of Grand Valley State University as designated by the University Board.

"Other Funds" means any other public or private funds which the Academy receives and for which the University Board voluntarily agrees to receive and transfer to the Academy.

"State School Aid Payment" means any payment of money the Academy receives from the State School Aid Fund established pursuant to Article IX, Section 11 of the Michigan Constitution of 1963 or under the State School Aid Act of 1979, as amended.

"State" means the State of Michigan.

"State Treasurer" means the office responsible for issuing funds to urban high school academies for State School Aid Payments pursuant to the School Aid Act of 1979, as amended.

Section 1.02. Fiscal Agent Agreement Incorporated into Contract; Use of Contract Definitions. This Fiscal Agent Agreement shall be incorporated into and is part of the Contract issued by the University Board to the Academy. Terms defined in the Contract shall have the same meaning in this Agreement.

ARTICLE II

FISCAL AGENT DUTIES

Section 2.01. Receipt of State School Aid Payments and Other Funds. The University Board is the Fiscal Agent for the Academy for the limited purpose of receiving State School Aid Payments. By separate agreement, the University Board and the Academy may also agree that the University Board will receive Other Funds for transfer to the Academy. The Fiscal Agent will receive State School Aid Payments from the State, as provided in Section 3.02.

Section 2.02. Transfer to Academy. Except as provided in the Contract, the Fiscal Agent shall transfer all State School Aid Payments and all Other Funds received on behalf of the Academy to the Academy within three (3) business days of receipt or as otherwise required by the provisions of the State School Aid Act of 1979 or applicable State Board rules. The State School Aid Payments and all Other Funds shall be transferred into the Account designated by a resolution of the Board of Directors of the Academy and by a method of transfer acceptable to the Fiscal Agent.

Section 2.03. Limitation of Duties. The Fiscal Agent has no responsibilities or duties to verify the Academy's pupil membership count, as defined in the State School Aid Act of 1979, as amended, or to authorize, to approve or to determine the accuracy of the State Aid School Payments received on behalf of the Academy from the State Treasurer. The duties of the Fiscal Agent are limited to the receipt and transfer to the Academy of State School Aid Payments and Other Funds received by the Academy. The Fiscal Agent shall have no duty to monitor or approve expenditures made by the Academy Board.

Section 2.04. Academy Board Requests for Direct Intercept of State School Aid Payments. If the Academy Board directs that a portion of its State School Aid Payments be forwarded by the Fiscal Agent to a third party account for the payment of Academy debts and liabilities, the Academy shall submit to the University Charter Schools Office: (i) a copy of the Academy Board's resolution authorizing the direct intercept of State School Aid Payments; and (ii) a copy of a State School Aid Payment Agreement and Direction document that is in a form and manner acceptable to the Fiscal Agent. No State Aid Payment Agreement and Direction document shall be effective until it is acknowledged by the University President.

ARTICLE III

STATE DUTIES

Section 3.01 Eligibility for State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the eligibility of the Academy to receive State School Aid Payments. The State, through its Department of Education, has sole responsibility for determining the amount of State School Aid Payments, if any, the Academy shall be entitled to receive.

Section 3.02. Method of Payment. Each State School Aid Payment for the Academy will be made to the Fiscal Agent by the State Treasurer by issuing a warrant and delivering the warrant to the Fiscal Agent by electronic funds transfer into an account specified by the Fiscal Agent, or by such other means deemed acceptable to the Fiscal Agent. The State shall make State School Aid Payments at the times specified in the State School Aid Act of 1979, as amended.

ARTICLE IV

ACADEMY DUTIES

Section 4.01. Compliance with State School Aid Act. In order to assure that funds are available for the education of pupils, an Academy shall comply with all applicable provisions of the State School Aid Act of 1979, as amended.

Section 4.02. Expenditure of Funds. The Academy may expend funds that it receives from the State School Aid Fund for any purpose permitted by the State School Aid Act of 1979 and may enter into contracts and agreements determined by the Academy as consistent with the purposes for which the funds were appropriated.

Section 4.03. Mid-Year Transfers. Funding for students transferring into or out of the Academy during the school year shall be in accordance with the State School Aid Act of 1979 or applicable State Board rules.

Section 4.04. Repayment of Overpayment. The Academy shall be directly responsible for reimbursing the State for any overpayments of State School Aid Payments. At its option, the State may reduce subsequent State School Aid Payments by the amount of the overpayment or may seek collection of the overpayment from the Academy.

Section 4.05. Deposit of Academy Funds. The Academy Board agrees to comply with Section 1221 of the Revised School Code, being MCL 380.1221, regarding the deposit of State School Aid Payments and Other Funds received by the Academy.

ARTICLE V

RECORDS AND REPORTS

Section 5.01. Records. The Fiscal Agent shall keep books of record and account of all transactions relating to the receipts, disbursements, allocations and application of the State School Aid Payments and Other Funds received, deposited or transferred for the benefit of the Academy, and these books shall be available for inspection at reasonable hours and under reasonable conditions by the Academy and the State.

Section 5.02. Reports. The Fiscal Agent shall prepare and send to the Academy within thirty (30) days of September 1, and annually thereafter, a written report dated as of August 31 summarizing all receipts, deposits and transfers made on behalf or for the benefit of the Academy during the period beginning on the latter of the date hereof or the date of the last such written report and ending on the date of the report, including without limitation, State School Aid Payments received on behalf of the Academy from the State Treasurer and any Other Funds which the University Board receives under this Agreement.

ARTICLE VI

CONCERNING THE FISCAL AGENT

Section 6.01. Representations. The Fiscal Agent represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it in this Agreement and that it will carry out all of its obligations under this Agreement.

Section 6.02. Limitation of Liability. The liability of the Fiscal Agent to transfer funds to the Academy shall be limited to the amount of State School Aid Payments as are from time to time delivered by the State and the amount of Other Funds as delivered by the source of those funds.

The Fiscal Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Fiscal Agent be responsible for the consequences of any error of judgment; and the Fiscal Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its gross negligence or willful default.

The Fiscal Agent shall not be liable for any deficiency in the State School Aid Payments received from the State Treasurer to which the Academy was properly entitled. The Fiscal Agent shall not be liable for any State School Aid overpayments made by the State Treasurer to the Academy for which the State subsequently seeks reimbursement.

Acknowledgment of Receipt

The undersigned, on behalf of the State of Michigan, Department of Treasury, acknowledges receipt of the foregoing Fiscal Agent Agreement that is part of the Contract issued by the University Board to the Academy.

BY: Joseph L. Fielek
Joseph L. Fielek, Director
Bureau of Bond Finance
Michigan Department of Treasury

Date: May 16, 2011

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SCHEDULE 5

MASTER CALENDAR OF REPORTING REQUIREMENTS

**Public School Academy / School of Excellence
Master Calendar of Reporting Requirements
July 1, 2012 – June 30, 2013**

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
July 2	Board Adopted 2012-2013 School Calendar/School Day Schedule.	CSO
July 2	Board Adopted Annual Operating Budget for the General Fund and School Service Fund for 2012-2013.	CSO
July 2	Copy of Notice of Public Hearing for Annual Operating Budget for 2012-2013.	CSO
July 2	Copy of Parent Satisfaction Survey and Results from 2011-2012, if applicable.	CSO
July 5	Anti-Bullying Policy, in accordance with Matt's Safe School Law	CSO
July 25	DS-4168 Report of Days and Clock Hours of Pupil Instruction for 2011-2012 academic year, if applicable (See MDE website, www.michigan.gov/mde , for MDE due date and form).	CSO
August 1	Annual Organizational Meeting Minutes for 2012-2013.	CSO
August 1	Board Resolution appointing Chief Administrative Officer for 2012-2013.	CSO
August 1	Board Resolution appointing Freedom of Information Act Coordinator for 2012-2013.	CSO
August 1	Board Designated Legal Counsel for 2012-2013.	CSO
August 1	Board adopted Annual Calendar of Regularly Scheduled Meetings for 2012-2013.	CSO
August 31	4 th Quarter Financial Statements – quarter ending 06/30.	CSO
September 4	Organizational Chart for 2012-2013.	CSO
September 4	Board approved Student Handbook 2012-2013.	CSO
September 4	Board approved Employee Handbook 2012-2013.	CSO
September 4	Copy of School Improvement Plan covering 2012-2013 academic year.	CSO
October 1	Completed PSA and ESP/MC Insurance Questionnaires. Required forms available at www.gvsucso.org .	CSO
October 1	Annual Nonprofit Corporation Information Update for 2012.	CSO
October 12	Audited Financial Statements for fiscal year ending June 30, 2012. (See MDE Website, www.michigan.gov/mde , for MDE due date.	CSO
October 12	Management Letter (comments and recommendations from independent financial auditor) for fiscal year ending June 30, 2012, if issued. If a management letter is not issued, a letter from the Academy stating a management letter was not issued is required to be submitted.	CSO
October 12	Annual A-133 Single Audit for year ending June 30, 2012 is required if over \$500K in federal funds have been expended. If a single audit is not necessary, a letter from the Academy stating as such is required to be submitted.	CSO

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
October 12	DS-4898 PSA Preliminary Pupil Membership Count for September 2012 Enrollment and Attendance for 1 st & 2 nd Year PSAs only. (See MDE website, www.michigan.gov/mde for MDE due date).	CSO
October 12	Annual Education Report for the 2011-2012 academic year to be submitted and presented at a public meeting.	CSO
October 29	1 st Quarter Financial Statements – quarter ending 09/30.	CSO
December 3	Academy's Technology Plan covering 2012-2013 or annual updates thereto.	CSO
January 7	Modifications to ISD's Plan for the Delivery of Special Education Services covering 2012-13 signed by a representative of the Academy.	CSO
January 31	2 nd Quarter Financial Statements – quarter ending 12/31.	CSO
January 31	Michigan Highly Qualified Teacher Verification Report. Required Form Available at www.gvsucso.org .	CSO
April 19	DS-4168-B District Report of Planned Number of Days and Clock Hours of Pupil Instruction for 2012-2013 (See MDE website www.michigan.gov/mde for MDE due date).	CSO
April 26	3 rd Quarter Financial Statements – quarter ending 03/31.	CSO
May 14	Notice of Open Enrollment & Lottery Process or Open Enrollment & Lottery Process Board Policy for 2013-2014.	CSO
June 3	Certificate of Boiler Inspection covering years 2012-2013	CSO
June 28	Board Approved Amended Budget for 2012-2013 fiscal year (or statement that budget has been reviewed and no amendment was needed).	CSO
June 28	2012-2013 Log of emergency drills, including date, time and results. Sample form available at www.gvsucso.org .	CSO
June 28	Board adopted Letter of Engagement for year ending June 30, 2013 independent financial audit.	CSO
June 28	Food service license expiring 04/30/2014.	CSO

Ongoing Reporting Requirements
July 1, 2012 – June 30, 2032

The following documents do not have a set calendar date; however, they require submission within a certain number of days from board action or other occurrence.

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
Date notice is posted	Academy Board Meeting Record of Postings – cancellations, changes, special meetings, emergency etc. Must include time and date of actual posting.	CSO
14 business days after Board meeting	Draft Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
14 business days after Board approval	Approved Academy Board Meeting Minutes and Resolutions of regular, special & emergency board meetings.	CSO
30 business days after board approval	Board Adopted Annual Operating Budget for 2011-2012 including Salary/Compensation Transparency Reporting to be available on school website per the State School Aid Act as amended	No submission needed.
14 business days after Board approval	Oath of Office and written acceptance for each Board Member.	CSO
10 business days after Board approval	Board adopted <i>Amended</i> Budget and General Appropriations Resolution.	CSO
10 days of receipt	Correspondence received from the Michigan Department /State Board of Education requiring a formal response.	CSO
10 days of receipt	Correspondence received from the Health Department requiring a formal response.	CSO
10 days of receipt	Written notice of litigation or formal proceedings involving the Academy.	CSO
30 days prior to board execution	Board proposed draft Educational Management Company Agreements or Amendments thereto.	CSO
5 business days of receipt	Request and Responses to Freedom of Information Requests.	CSO

Original/Subsequent Board Policy Reporting Requirements
July 1, 2012 – June 30, 2013

The following documents do not have a set calendar date; however, they require an original submission and subsequent submission if Board action is taken making amendments/changes.

REPORT DESCRIPTION	SUBMIT TO:
Articles of Incorporation. Must have GVSU Board approval before modifying.	CSO
Board of Director Bylaws.	CSO
Educational Service Provider Agreements/Amendments	CSO
Academy's Educational Goals.	CSO
Office of Fire Safety (OFS-40) – original occupancy permit and permits for renovations/additions, etc.	CSO
Lease, Deed of Premises or Rental Agreement and subsequent amendments (includes modular units).	CSO
Curriculum including any additions/deletions.	CSO
Asbestos Hazardous Emergency Response Act (AHERA) Management Plan. Visit www.michigan.gov/asbestos for Michigan's model management plan. A copy of the "acceptance" letter sent by MIOSHA is also required.	CSO
Communicable Disease Curriculum (including minutes of board approval).	CSO
Job Descriptions for all employee groups	CSO
REQUIRED BOARD POLICIES	
Board adopted Purchasing Policy (date of approval). Reference: MCL 380.1267, MCL 380.1274	CSO
Use of Medications Policy (date of approval). Reference: MCL 380.1178, 380.1178a, 380.1179	CSO
Harassment of Staff or Applicant Policy (date of approval). Harassment of Students Policy (date of approval) Reference: MCL 380.1300a	CSO
Search and Seizure Policy (date of approval). Reference: MCL 380.1306	CSO
Emergency Removal, Suspension and Expulsion of Students Policy (date of approval). Reference: MCL 380.1309; MCL 380.1312(8)&(9); MCL 37.1402	CSO
Parent/Guardian Review of Instructional Materials & Observation of Instructional Activity Policy Reference: MCL 380.1137	CSO
Board Member Reimbursement of Expenses Policy (date of approval). Reference: MCL 380.1254; MCL 388.1764b	CSO
Equal Access for Non-School Sponsored Student Clubs and Activities Policy (date of approval). Reference: MCL 380.1299	CSO
Electronic or Wireless Communication Devices Policy (date of approval).	CSO
Preparedness for Toxic Hazard and Asbestos Hazard Policy (date of approval). Reference: MCL 324.8316, 380.1256	CSO

Nondiscrimination and Access to Equal Educational Opportunity Policy (date of approval) Including, but not limited to, Michigan Constitution, Article I, §26, Elliott-Larsen Civil Rights Act, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, Section 504 of the Rehabilitation Act of 1973, and the Age Discrimination Act of 1975.	CSO
Academy Deposit Policy (date of approval). PA 105 of 1855, being MCL 21.146, Section 11.10 of the Charter Contract	CSO
Parental Involvement Policy (date of approval). Reference: MCL 380.1294	CSO
Wellness Policy (date of approval). Reference: 42 USC §§ 1751, 1758, 1766; 42 USC § 1773	CSO

Calendar of Additional Reporting Requirements and Critical Dates July 1, 2012 – June 30, 2013

The following reports Academies must submit to the local ISD, MDE, CEPI and other organizations throughout the year.

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
September 28	Student Count Day for State Aid F.T.E.	No submission required.
September 30	SE-4096 Special Education Actual Cost Report (Contact ISD for due date).	ISD
October 3	Eye Protection Certificate (#4527 Certification of Eye Protective Devices Electronic Grant System [MEGS] if applicable.	CEPI
October 3	Certification of Constitutionally Protected Prayer	MDE
October 7	SE-4094 Transportation Expenditure Report (Contact ISD for due date).	ISD
October 1 – October 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission needed.
Oct/Nov	School Infrastructure Database (SID); School-Wide Title I Participation	CEPI
Oct/Nov	Deadline for MEIS/Single Record Student Database (“SRSD”) electronic file (Contact the local ISD for due date.)	CEPI
November 1	Deadline for Immunization Records Report – IP100. (Contact Health Dept. for due date).	Local Health Dept.
November 14	Deadline for electronic submission to the Financial Information Database (FID, formerly known as the Form B). State aid will be withheld if the submission is not successful.	CEPI
Nov/Dec	Special Education Count on MI-CIS. Special education data must be current and updated in the Michigan Compliance and Information System (MI-CIS). This information is used to determine funding for next year (Contact local ISD for due date).	ISD
December 1 - December 31 (as scheduled)	Teacher Certification/Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
Nov/Dec	Registry of Educational Personnel (REP) Submission	CEPI
December 30	Municipal Finance Qualifying Statement, if applicable (online submission).	MI Dept of Treasury
Feb 1	Deadline for Immunization Record Report – IP100 (Contact Health Dept. for due date). A financial penalty of 5% of a school’s state aid allocation can be assessed if the immunization rate is not at 90% or above.	Local Health Dept.
Feb 6	Supplemental Student Count for State Aid F.T.E.	No submission required.
March	FS-4731-C – Count of Membership Pupils eligible for free/reduced breakfast, lunch or milk (official date TBD).	MDE

DUE DATE	REPORT DESCRIPTION	SUBMIT TO:
March	MEIS/Single Record Student Database ("SRSD") electronic file (Contact local ISD for due date.)	ISD, CEPI
May 1 – May 31 (as scheduled)	Teacher Certification/ Criminal Background Check/Unprofessional Conduct. This is an onsite review scheduled and conducted by Quality Performance Resource Group. No submission required.	No submission required.
June	MEIS/ Single Record Student Database ("SRSD") electronic file (Contact local ISD for due date.)	ISD, CEPI
June	Registry of Educational Personnel (REP)	CEPI
June	School Infrastructure Database (SID)	CEPI

SCHEDULE 6

**INFORMATION TO BE PROVIDED BY ACADEMY AND EDUCATIONAL
MANAGEMENT COMPANY**

SCHEDULE 6

INFORMATION TO BE PROVIDED BY ACADEMY AND EDUCATIONAL MANAGEMENT COMPANY

A. The following described categories of information are specifically included within those to be made available to the public and the University Charter Schools Office by the Academy in accordance with Section 11.15(a) of the Terms and Conditions:

1. Contract;
2. Copies of the executed Constitutional Oath of public office form for each serving Director;
3. List of currently serving Directors with name, address, and term of office;
4. Academy Board meeting calendar;
5. Copy of public notice for all Academy Board meetings;
6. Academy Board meeting agendas;
7. Academy Board meeting minutes;
8. Academy Board approved budget and amendments to budget;
9. List of bills paid for amounts of \$10,000.00 or more as submitted to the Academy Board;
10. Quarterly financial reports submitted to the University Charter Schools Office;
11. Curriculum documents and other educational materials submitted to the University Charter Schools Office;
12. Copy of school improvement plan (if required);
13. Copies of facility leases or deeds, mortgages, modular leases and/or deeds;
14. Equipment leases;
15. Proof of ownership for Academy owned vehicles and portable buildings;
16. Academy Board approved management contract with Educational Service Provider;
17. Academy Board approved service contract(s);
18. Office of Fire Safety certificate of occupancy for all Academy facilities;
19. MDE letter of continuous use (if required);
20. Local County Health Department food service permit (if required);

21. Asbestos inspection report and asbestos management plan (if required);
22. Boiler inspection certificate and lead based paint survey (if required);
23. Phase 1 environmental report (if required);
24. List of current Academy staff with their individual compensation as submitted to the Registry of Educational Personnel;
25. Copies of administrator and teacher certificates or permits for all current administrative and teaching staff;
26. Evidence of fingerprinting, criminal background and record checks and unprofessional conduct check required by the Code for all Academy teachers and administrators;
27. Academy Board approved policies;
28. Copy of the annual financial audit and any management letters issued to the Academy Board as part of the audit;
29. Proof of insurance as required by the Contract;
30. Any other information specifically required under Public Act 277 of 2011.

B. The following information is specifically included within the types of information available to the Academy by the ESP (if any) in accordance with section 11.15(b) of the Terms and Conditions:

1. Any information needed by the Academy in order to comply with its obligations to disclose the information listed under (a) above.

EDUCATIONAL SERVICES AGREEMENT

Between

CORNERSTONE CHARTER SCHOOLS: AN EDUCATIONAL PROVIDER

AND

CORNERSTONE HEALTH SCHOOLS

EDUCATIONAL SERVICES AGREEMENT
TABLE OF CONTENTS

	<u>PAGES</u>
RECITALS	1
ARTICLE I Description of Services and Relationship of Parties	2
1.1 Services	2
1.2 Licensing Agreement	2
1.3 Status of Parties	2
1.4 No Related Parties	2
1.5 Power to Obligate or Bind State of Michigan, University Board or the University	3
1.6 Personnel Qualifications.....	3
1.7 Background Checks.....	3
1.8 Independent Contractors.....	4
1.9 Cornerstone Charter Schools Employment Responsibilities.....	5
1.9.1 Discretion and Control	5
1.9.1a Constraints of Budget and Educational Program	5
1.9.1b Administrator.....	5
1.9.1.c Teachers.....	6
1.9.2 Payment of Salaries and Benefits.....	6
1.9.3 Payroll Taxes and Deductions.....	6
1.9.4 Training	7
1.9.5 Non-Compete Contracts	7
1.10 Claims relating to Cornerstone Charter Schools Employees/Subcontractors/Agents.....	7
1.11 Compliance with Academy Policies.....	7
1.12 Professional Standards	8
ARTICLE II Term of Agreement and Termination During Term	8
2.1 Term	8
2.2 Pro-Rata Payment.....	8
2.3 Surviving Provisions	9
2.4 Termination by Cornerstone Charters	9
2.5 Termination by Academy	9
2.6 Revocation or Termination of Contract.....	9
2.7 Removal of Personal Property.....	9
2.8 Advances/Out-of-Pocket Expenses	9
2.9 Transition.....	9
ARTICLE III Obligations of Cornerstone Charter Schools.....	10
3.1 Responsibility.....	10
3.2 Educational Goals and Program	10
3.3 Specific Functions	10

3.4	Budget	11
3.4.1	Projected Budget	11
3.4.2	Budget Detail.....	11
3.4.3	Approval.....	11
3.5	Revenues	11
3.6	Expenditures.....	12
3.7	Accurate Financial Records.....	12
3.8	Availability of Funds.....	12
3.9	Other Public School Academies.....	12
3.10	Financial Reporting	13
3.11	Purchases	13
3.12	Procurement Policy	13
3.13	Subcontracts	13
3.14	Place of Performance.....	14
3.15	Student Recruitment.....	14
3.16	Due Process and Student Discipline Hearings	14
3.17	Legal Requirements.....	14
3.18	Rules and Procedures	14
3.19	School Year and School Day.....	14
3.20	Pupil Performance Standards and Evaluation	14
3.21	Services to Students with Disabilities and Special Education	14
3.22	Compliance with Academy's Contract.....	14
3.23	Unusual Events.....	14
3.24	Academy Records.....	15
3.25	Facility.....	15
3.26	Additional Services	15
3.27	Compliance with Section 503c.....	15
ARTICLE IV	Obligations of the Board	15
4.1	Good Faith Obligation.....	15
4.2	Assistance to Cornerstone Charter Schools.....	15
4.3	Review of Operational Budget	16
4.4	Annual Audit	16
4.5	Unusual Events.....	16
4.6	Cornerstone Charter Schools Office Space	16
4.7	Retained Authority	16
ARTICLE V	Fees, Invoice and Payment	16
5.1	Compensation.....	16
5.2	Management Fee	16
5.3	Reimbursement.....	17
5.4	Other Financing.....	18
ARTICLE VI	Confidentiality and Data Security.....	18
6.1	Commitment to Preserve.....	18
6.2	Covered Data and Information (CDI)	18

6.3	Acknowledgment of Access to CDI.....	18
6.4	Prohibition on Unauthorized Use or Disclosure of CDI	18
6.5	Return or Destruction of CDI	19
6.6	Maintenance of the Security of Electronic Information.....	19
6.7	Reporting of Unauthorized Disclosures or Misuse of Covered Data and Information ..	19
6.8	Remedies	19
6.8.1	Notice and Opportunity to Cure	19
6.8.2	Statutory/Regulatory Penalties.....	19
6.9	Amendment for Compliance	19
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	ARTICLE VII Intellectual Property.....	20
7.1	Intellectual Property	20
7.2	CSA Licensing Agreement.....	20
	ARTICLE VIII Liability, Insurance and Indemnity.....	21
8.1	Indemnity.....	21
8.2	General Liability Insurance	22
8.3	Workers' Compensation Insurance	22
8.4	Responsibility of Academy	22
8.5	Academy Insurance	23
8.6	No Special Damages	23
	ARTICLE IX Solicitation of Non-Governmental Funds	23
	ARTICLE X Warranties and Representations	23
10.1	Academy Warranties and Representations.....	23
10.2	Cornerstone Charter Schools Warranties and Representations.....	24
10.3	Mutual Warranties.....	24
	ARTICLE XI Miscellaneous.....	24
11.1	Choice of Law	24
11.2	Alternative Dispute Resolution Procedure	24
11.3	Severability.....	24
11.4	No Modification or Waiver	25
11.5	No Third Party Rights	25
11.6	Counterparts	25
11.7	Section Headings.....	25
11.8	Time of Essence	25
11.9	Force Majeure.....	25
11.10	Delegation of Authority.....	25
11.11	Compliance with Law	26
11.12	Review by Independent Counsel.....	26
	ARTICLE XII Notices	26
	AUTHORIZATION	27

EDUCATIONAL SERVICES AGREEMENT

THIS EDUCATIONAL SERVICES AGREEMENT (the "**Agreement**") is made and entered into as of the ____ of _____, 20__, by and between **CORNERSTONE CHARTER SCHOOLS: AN EDUCATIONAL SERVICES PROVIDER**, a Michigan non-profit corporation ("**CORNERSTONE**"), and **CORNERSTONE HEALTH SCHOOLS**, a body corporate and Michigan public school academy (the "**ACADEMY**").

RECITALS

A. The ACADEMY is organized and operated under Part 6A of the Michigan Revised School Code (the "**Code**") and pursuant to a charter contract (the "**Contract**") issued by the Board of Trustees of Grand Valley State University (the "**Authoring Body**") in response to an application (the "**Application**") submitted to the Authorizing Body on behalf of the ACADEMY. The Application, the Contract between the ACADEMY and Authorizing Body, and all amendments to those documents are collectively referred to in this Agreement as the "**Charter**". This Agreement shall be subject to and comply with the terms and conditions of the Charter, all of which are incorporated by reference into this Agreement.

B. The ACADEMY is organized and administered under the direction of a board of directors (the "**Board**") and has the power, authority, and duties established in the Code and the Charter, specifically including the authority to enter into binding legal agreements with persons or entities as necessary for the operation, management, financing, and maintenance of the ACADEMY. Upon issuance of the Charter to the Board by the Authorizing Body, the Board will be vested with all powers and authority necessary to operate a public school academy under the Code.

C. CORNERSTONE offers business, administrative, educational support, and human resource services relative to the operation, management, and maintenance of public school academies. CORNERSTONE has the expertise, training, capacity, and qualifications to perform the services contemplated under this Agreement pursuant to a licensing and contracted services agreement with Cornerstone Schools Association (the "**CSA Licensing Agreement**") and such other subcontracting arrangements as Cornerstone may deem appropriate from time to time.

D. The ACADEMY and CORNERSTONE desire to create an enduring educational alliance through which the ACADEMY and CORNERSTONE will work together to promote educational excellence and innovation, based on CORNERSTONE'S school design, comprehensive educational program and management principles.

E. In order to facilitate the organization and opening of the ACADEMY, and to implement an innovative educational program at the ACADEMY, the parties desire to establish this arrangement for the operation, management, and maintenance of the ACADEMY.

Therefore, in consideration of the mutual promises and benefits contained in this Agreement, the parties agree as follows:

ARTICLE I
DESCRIPTION OF SERVICES AND
RELATIONSHIP OF PARTIES

1.1 Services. Subject to the terms and conditions of this Agreement, the ACADEMY contracts with CORNERSTONE, to the extent permitted by law, for the operation, management, and maintenance of the ACADEMY (the "Services"). The responsibilities of CORNERSTONE under this Agreement are set forth with greater specificity in Article III.

1.2 Licensing Agreement. CORNERSTONE will obtain a CSA Licensing Agreement authorizing CORNERSTONE to use the following in providing Services to the Academy under this Agreement:

- A. All non-religious educational and operational systems that CSA has developed to successfully educate urban youth, and for which CSA has obtained accreditation through the North Central Association Commission on Accreditation and School Improvement (NCA-CASI) and ISACS, as well as ISO 9001:2000 recertification.
- B. The ability to access and develop business, foundation, and personal relationships, including replication of the CSA Partner Program, to enhance the educational opportunities for pupils enrolled in the Academy.
- C. The opportunity to obtain recognition from CORNERSTONE as a school that emulates the non-religious educational and operational systems developed by CSA.

1.3 Status of Parties. CORNERSTONE is a not-for-profit Michigan corporation, and is not a division or a part of the ACADEMY. The ACADEMY is a body corporate and governmental entity authorized by the Code, and is not a division or part of CORNERSTONE. Except as expressly provided in this Agreement, no agent or employee of CORNERSTONE shall be deemed to be the agent or employee of the ACADEMY. Each party shall be solely responsible for its acts and the acts of its agents, employees and subcontractors. The relationship between CORNERSTONE and the ACADEMY is based solely on the terms of this Agreement, and the terms of any other written agreements between CORNERSTONE and the ACADEMY.

1.4 No Related Parties. CORNERSTONE will not have any role or relationship with the ACADEMY that, in effect, substantially limits the ACADEMY's ability to exercise its rights, including cancellation rights, under this Agreement. The ACADEMY's Board shall not include any director, officer or employee of CORNERSTONE. None of the voting power of the ACADEMY's Board will be vested in CORNERSTONE or its directors, members, managers, officers, and employees, and none of the voting power of the Board of Directors of CORNERSTONE will be vested in the ACADEMY or its directors, members, managers, officers and employees (if any). Furthermore, the ACADEMY and CORNERSTONE shall not be members of the same controlled group as defined in Section 1.150-1(1) of the Internal Revenue

Code of 1986, as amended, or be related persons as defined in Section 144(a)(3) of the Internal Revenue Code of 1986, as amended. CORNERSTONE shall disclose in writing to the ACADEMY any interest in property being sold or leased to the ACADEMY.

1.5 Power to Obligate or Bind State of Michigan, University Board or the University. The Academy has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, University Board or the University, nor does the Academy have any authority whatsoever, to make any representations to lenders or third parties, that the State of Michigan, University Board or the University in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by the Academy.

1.6 Personnel Qualifications. Personnel assigned by CORNERSTONE to perform services under this Agreement for the ACADEMY shall be fully certified, licensed, approved and otherwise qualified to perform the functions assigned pursuant to and in conformance with the provisions of the Michigan Revised School Code, and other applicable statutes or regulations, pertinent to the work performed under this Agreement. CORNERSTONE will not furnish any personnel to the ACADEMY who would be ineligible for employment by the ACADEMY if such person(s) were instead employed directly by the ACADEMY under the above statutory and regulatory provisions.

1.7 Background Checks. Pursuant to the requirements of Sections 1230 and 1230a of the Revised School Code, the governing board of the ACADEMY shall request a criminal history check through the Michigan State Police, as well as a criminal records check through the Federal Bureau of Investigation, with regard to all persons assigned by CORNERSTONE under this Agreement to regularly and continuously work in any of the ACADEMY's facilities or at program sites where the ACADEMY delivers educational programs and services.

The ACADEMY hereby engages CORNERSTONE to request the required criminal history check and criminal records check on behalf of the ACADEMY's Board with regard to all persons assigned by CORNERSTONE under this Agreement to regularly and continuously work in any of the ACADEMY's facilities or at a program site where the ACADEMY delivers educational programs and services. CORNERSTONE shall obtain, from each of its employees, agents, or contractors assigned to regularly and continuously work in the Academy's facilities or at a program site where educational programs and services are delivered under this Agreement, written consent for the ACADEMY to provide to CORNERSTONE a copy of the criminal history check and criminal records check pertaining to the consenting employee, agent, or contractor, pursuant to the authorization set forth in Sections 1230(10) and 1230a(8) of the Revised School Code.

CORNERSTONE agrees that it shall not assign any of its employees, agents or other individuals to perform any services under this Agreement where such individuals would regularly and continuously work in the ACADEMY's facilities or program sites if such person has been convicted of any of the following offenses:

- A. Any "listed offense" as defined under Section 2 of the Sex Offenders Registration Act, MCL 28.722; or
- B. Any offense enumerated in Sections MCL 380.1535a or 380.1539b of the Revised School Code, MCL 380.1535a; 380.1539b; or
- C. Any felony. Provided, that with prior written approval of the Chief Administrator of the ACADEMY and of its Board an individual who has been convicted of a felony (other than a "listed offense" as defined above) and who is regularly and continuously providing services under this Agreement at the ACADEMY's facilities or program sites may be permitted to perform such services when, in the judgment of the Chief Administrator and the Board, that individual's presence will not pose a danger to the safety or security of the ACADEMY's students or personnel assigned to the ACADEMY; or
- D. Any misdemeanor conviction involving sexual or physical abuse as those terms are defined in Sections 1230(10) and 1230a(8) of the Revised School Code.
- E. Any offense of a substantially similar enactment (to those enumerated in A-D, above) of the United States or another State; or
- F. Any other offense that would, in the judgment of the ACADEMY, create a potential risk to the safety and security of students serviced by the ACADEMY or personnel assigned to the ACADEMY.

The ACADEMY reserves the right to refuse CORNERSTONE'S assignment of any individual, agent, contractor, or employee of CORNERSTONE to render Services under this Agreement where the criminal record history of that individual (including any pending criminal charges) indicate, in the ACADEMY's judgment, unfitness to perform Services under this Agreement. In the event that, after assigning an individual, agent, contractor, or employee to perform Services under this Agreement, CORNERSTONE discovers previously unknown criminal record history or subsequently arising criminal charges or convictions regarding that individual, CORNERSTONE shall disclose this criminal record history or development to the ACADEMY's Board to permit the Academy's Board to determine, in its judgment, the continuing fitness of the individual to perform Services under this Agreement.

The parties agree that the ACADEMY shall be responsible for the costs associated with the criminal history checks and criminal records checks required pursuant to the terms of this Agreement and which are accomplished in order to comply with Sections 1230 and 1230a of the Revised School Code with respect to CORNERSTONE'S employees, agents, and contractors.

1.8 Independent Contractors. In the performance of services under this Agreement, CORNERSTONE (its employees, agents, and contractors) shall be regarded at all times as performing services as independent contractors of the ACADEMY. Consistent with that status, CORNERSTONE reserves to itself the right to designate the means and methods of accomplishing the objectives and purposes of this Agreement and the ACADEMY shall not

exercise (or have the right to exercise) control or direction over the means and methods utilized by CORNERSTONE in providing Services under this Agreement. Notwithstanding the foregoing, during the term of this Agreement, the ACADEMY may disclose Confidential Data and Information (as defined in Article VI of this Agreement) to CORNERSTONE (its employees, agents or contractors) to the extent permitted by applicable law, including without limitation, the Family Educational Rights and Privacy Act (FERPA), 20 USC §1232(g), 34 CFR Part 99; the Individuals with Disabilities Education Act (IDEA), 20 USC §1401 *et seq.*, 34 CFR 300.610 – 300.626; Section 504 of the Rehabilitation Act of 1973, 29 USC §794a, 34 CFR 104.36; the Michigan Mandatory Special Education Act, MCL 380.1701 *et seq.*; the Americans with Disabilities Act, 42 USC §12101 *et seq.*; the Health Insurance Portability and Accountability Act (HIPAA), 42 USC 1320d – 13200d-8; 45 CFR 160, 162 and 164; and social security numbers, as protected by the federal Privacy Act of 1974, 5 USC §552a; and the Michigan Social Security Number Privacy Act, MCL 445.84.

1.9 CORNERSTONE'S Employment Responsibilities.

1.9.1 Discretion and Control. CORNERSTONE shall be regarded, designated and considered to be the employer with respect to all individuals whom CORNERSTONE may select, employ and assign to provide Services under this Agreement. CORNERSTONE shall be exclusively and solely responsible for selecting, compensating, hiring, retaining, evaluating, disciplining, dismissing and otherwise regulating the employment conditions, employment rights, compensation and other similar matters relative to all individuals whom CORNERSTONE employs in connection with providing Services under this Agreement. To the extent that CORNERSTONE may subcontract any or all aspects of the Services it agrees to provide to the Academy under this Agreement, CORNERSTONE represents that it shall include in any subcontracted services agreement provisions comparable to those contained in this Article I to identify the employer of any person providing services under a contracted services agreement or, in the absence of an employer and in the case of an independent contractor, to expressly provide that the service provider is an independent contractor, and is not intended to be, and shall not be regarded as, an employee of the Academy.

1.9.1.a. Constraints of Budget and Educational Program. All decisions made by CORNERSTONE, and any discretion exercised by CORNERSTONE, in its selection, evaluation, assignment, discipline, and transfer of personnel under this Agreement, shall be consistent with the Budget (Section 3.4), the parameters adopted and included in the Educational Program (Section 3.2), and applicable law.

1.9.1.b. Administrator. Because the accountability of CORNERSTONE to the ACADEMY is an essential foundation of this Agreement and because the ACADEMY administrator (the "**Administrator**") is critical to the ACADEMY's success, CORNERSTONE shall have the authority, consistent with Subsection 1.9.1 above, to select, supervise and discipline

the Administrator, and to hold the Administrator accountable for the performance of the ACADEMY. However, CORNERSTONE shall consult with the Board with respect to the hiring and termination of the Administrator and CORNERSTONE shall remove the Administrator from the ACADEMY at any time if the Board is reasonably dissatisfied with his or her performance. This provision is not intended, and shall not be construed, to affect the right of CORNERSTONE, in its sole discretion as employer, to hire, assign, reassign, discipline and/or terminate its own employees.

1.9.1.c. Teachers. At the ACADEMY's request, CORNERSTONE will remove a teacher assigned to provide services under this Agreement at the end of the school year if the Board is dissatisfied with his or her performance. This provision is not intended, and shall not be construed to affect the right, and will in no way affect the right, of CORNERSTONE, in its sole discretion as employer, to hire, assign, reassign, discipline and/or terminate its own employees.

1.9.2 Payment of Salaries and Benefits. CORNERSTONE shall pay all salaries, wages, benefits, payroll and other taxes to or on account of its employees. To the extent that CORNERSTONE may subcontract any or all aspects of the Services it agrees to provide to the Academy under this Agreement, CORNERSTONE represents that it shall include comparable language in any subcontractor agreement between itself and a subcontractor to provide for the payment of salaries, wages, benefits, payroll and other taxes, and expressly providing that the ACADEMY is not intended, and shall not be construed to be the employer of any subcontractor. The ACADEMY shall not be liable for the payment of any such salaries, wages, benefits, payroll or taxes thereon for or on behalf of any CORNERSTONE employee, contractor or agent. CORNERSTONE employees, contractors, and agents are not entitled to receive any compensation, benefits or other amenities in any form from the ACADEMY, including, but not limited to, mileage, conference fees and other expenses. However, the compensation of all employees working at the ACADEMY shall be included in the Budget (Section 3.4). And, to permit the Board to fulfill its fiduciary duties in reviewing and adopting the ACADEMY's budget and to perform its due diligence in evaluating the reasonableness of fees paid to CORNERSTONE under this Agreement, CORNERSTONE shall disclose to the Board, upon request, the level of compensation and fringe benefits provided by CORNERSTONE to CORNERSTONE'S employees providing instructional services at the ACADEMY.

1.9.3 Payroll Taxes and Deductions. CORNERSTONE acknowledges and agrees that it is the sole and exclusive responsibility of CORNERSTONE to make the requisite tax filings, deductions and payments to the appropriate federal, state and local tax authorities for and on behalf of all persons employed by CORNERSTONE to provide Services under this Agreement. No part of CORNERSTONE'S invoiced fees (nor the invoiced fees of any subcontractors) shall be subject to withholding

by the ACADEMY for payment of social security, unemployment or disability insurance or any other similar state or federal tax obligations. CORNERSTONE (its agents or subcontractors) shall be solely and exclusively responsible for any taxation consequences to it or its employees as a result of CORNERSTONE'S engagement under this Agreement. CORNERSTONE (or its agents or subcontractors) agrees to defend, indemnify and hold the ACADEMY harmless from any and all such claims.

1.9.4 Training. CORNERSTONE shall provide (and/or contract to provide) training in ~~its methods, curriculum, program, and technology to all teaching personnel on a~~ regular basis. Instructional personnel shall receive at least the minimum hours of professional development as required by the Code. Non-instructional personnel shall receive training as CORNERSTONE determines reasonable and necessary under the circumstances.

1.9.5 Non-Compete Contracts. CORNERSTONE represents and warrants that it shall not require its administrative, supervisory, and instructional employees who provide services to the ACADEMY under this Agreement to sign, as a condition of employment or hire, a non-compete, no hire, or similar contract provision which would preclude such an employee from being employed by the ACADEMY or another educational service provider at, or for the benefit of, the ACADEMY, in the event that CORNERSTONE is no longer an educational services provider to the ACADEMY.

1.10 Claims Relating to CORNERSTONE Employees/Subcontractors/Agents. CORNERSTONE shall be responsible for answering, defending and/or resolving any and all claims arising from the assignment and performance of its employees or agents to carry out the services under this Agreement. However, nothing in this Section is intended, nor shall be construed, to prohibit CORNERSTONE from including provisions in any subcontracted services agreement that it may execute with a subcontractor assigning responsibility to the subcontractor to answer defend and/or resolve any and all claims arising from the assignment and performance of the subcontractor (or its employees or agents) to carry out services for the ACADEMY.

These claims shall include, but shall not be limited to: proceedings before the Michigan Employment Relations Commission; the National Labor Relations Board; proceedings for unemployment compensation benefits; claims for workers' compensation disability benefits; claims of unlawful discrimination brought before any state or federal agency or court; claims or grievances for breach of contract; and any other claims of whatsoever kind or character arising from or which are attributable to the performance of Services by employees or agents of CORNERSTONE in connection with this Agreement.

All costs (including legal fees) incurred in connection with the defense of the foregoing matters and any resulting judgments shall be the sole and exclusive responsibility of CORNERSTONE.

1.11 Compliance with ACADEMY Policies. CORNERSTONE agrees that the individuals it assigns to the ACADEMY under this Agreement will abide by those policies of the ACADEMY which are applicable to performance of Services under this Agreement including, but not limited to, policies pertinent to:

- A. Corporal punishment/physical contact with students;
- B. Non-discrimination;
- C. Child abuse and neglect reporting;
- D. Sexual harassment;
- ~~E. Confidentiality of student records and student record information;~~
- F. Bloodborne pathogens exposure control;
- G. Administration of medication to pupils;
- H. Communicable diseases;
- I. Alcohol/controlled substance possession and use;
- J. Copyright; and
- K. Emergency Procedures (Fire Drills, evacuations)

CORNERSTONE and the ACADEMY will cooperate in orientation of CORNERSTONE'S employees to the above policies.

1.12 Professional Standards. CORNERSTONE agrees that the individuals it assigns to the ACADEMY under this Agreement will adhere to professional standards and will perform all services required under this Agreement in a manner consistent with generally accepted proficiency and competency for the type and nature of services rendered. CORNERSTONE represents that it has secured or will secure the necessary licenses, approvals, permits and regulatory authorizations to provide the services contemplated in this Agreement.

ARTICLE II

TERM OF AGREEMENT AND TERMINATION DURING TERM

2.1 Term. The first ACADEMY fiscal year of this Agreement shall be from July 1, 2012 to June 30, 2013 and each ACADEMY fiscal year thereafter shall commence on July 1 and end on June 30 of the following year. This Agreement shall commence on July 1, 2012 ("Effective Date") and, unless otherwise terminated pursuant to this Agreement, shall continue for an initial three (3) year term ending June 30, 2015. Thereafter, this Agreement will automatically renew annually for a new one-year term ("Renewal Term") ending June 30th ("Expiration Date"), unless either party provides written notice to the other party, at least 90 calendar days in advance of the next upcoming Expiration Date, of its intent not to renew this Agreement. Either party may terminate this Agreement at the end of any Renewal Term by providing the other party with written notice of termination at least 90 calendar days in advance of the Expiration Date.

2.2 Pro-Rata Payment. In the event that this Agreement is terminated during its term as provided in this Agreement, the ACADEMY will pay CORNERSTONE for its services performed under this Agreement up to and including the Effective Date of termination. Any

funds remitted by the ACADEMY to CORNERSTONE in excess of the pro-rata charges for services performed by CORNERSTONE up to and including the Effective Date of termination will be returned to the ACADEMY by CORNERSTONE. Any such amounts owed by either party to the other shall be paid within thirty (30) days of the effective date of termination of this Agreement.

2.3 Surviving Provisions. Sections 1.10, 6.4, 7.1 and 8.1 of this Agreement survive the expiration or termination of this Agreement for any reason.

~~**2.4 Termination by CORNERSTONE.**~~ CORNERSTONE may, at its option, terminate this Agreement prior to the end of the terms specified in Section 2.1 of this Agreement in the event the Board fails to remedy a material breach within 30 days after notice from CORNERSTONE. A material breach includes, but is not limited to: (1) CORNERSTONE'S failure to receive for any reason compensation or reimbursement as required by the terms of this Agreement; or (2) the ACADEMY's loss or suspension of its Charter.

2.5 Termination by ACADEMY. The ACADEMY may terminate this Agreement prior to the end of the terms specified in Section 2.1 of the Agreement in the event that CORNERSTONE shall fail to remedy a material breach within 30 days after notice from the Board. A material breach includes, but is not limited to: (1) failure to account for its expenditures or to pay ACADEMY operating costs in accordance with the terms of the Budget (provided funds are available to do so); (2) failure to substantially follow policies, procedures, rules, regulations or curriculum duly adopted by the Board that are not in violation of the Charter, this Agreement, or law; (3) failure to abide by and meet the Educational Goals as set forth in the Contract; (4) assignment of employees or subcontractors to perform Services under this Agreement in violation of law or the Agreement; or (5) if this Agreement or its implementation would serve as grounds for revocation of the ACADEMY's Charter or would otherwise jeopardize tax exemptions or non profit tax status of the ACADEMY.

2.6 Revocation or Termination of Contract. If the ACADEMY'S Contract issued by the Grand Valley State University Board of Trustees is revoked or terminated, this Agreement shall automatically terminate on the same date as the ACADEMY'S Contract is revoked or termination without further action of the parties.

2.7 Effective Date of Termination. In the event this Agreement is terminated by either party as specified in Section 2.1, absent a material breach or unusual and compelling circumstances, the termination will not become effective until the end of the then current fiscal year in which the notice of termination is issued.

2.8 Removal of Personal Property. Upon termination or expiration of this Agreement, CORNERSTONE shall have the right to remove equipment and other assets owned or leased by CORNERSTONE (or its agents). Equipment and other assets owned by the ACADEMY or leased by the ACADEMY from third parties outside the scope of this Agreement shall remain the property of the ACADEMY (or the respective third party).

2.9 Advances/Out-of-Pocket Expenses. Except as otherwise provided in this Agreement, upon termination or expiration of this Agreement for any reason, all advances or out-of-pocket expenses paid by CORNERSTONE in accordance with the Budget shall be immediately repaid by the ACADEMY unless otherwise agreed in writing by CORNERSTONE.

2.10 Transition. In the event of termination of this Agreement for any reason by either party prior to the end of the Agreement's term, CORNERSTONE may, for a fee reasonably acceptable to CORNERSTONE, provide the ACADEMY reasonable assistance for up to 90 days to assist in the transition to another administrative or structural arrangement, although ~~CORNERSTONE need not provide any assistance to another management company or service provider.~~

ARTICLE III

OBLIGATIONS OF CORNERSTONE

3.1 Responsibility. CORNERSTONE shall be responsible and accountable to the Board for the management, operation, administration and performance of the ACADEMY in accordance with the Charter and this Agreement. CORNERSTONE'S responsibility is expressly limited by: (i) the ACADEMY's budget which is to be submitted and approved by the Board as provided in this Agreement ("**Budget**"), and (ii) the availability of state funding to pay for the Services. Subject to Section 3.6 (Expenditures), neither CORNERSTONE nor the ACADEMY shall be allowed to expend ACADEMY funds on Services in excess of the amount set forth in the Budget.

3.2 Educational Goals and Program. Subject to the oversight of the Board, CORNERSTONE agrees to implement the educational goals and program as set forth in the ACADEMY's Charter (the "**Educational Program**"). In the event CORNERSTONE reasonably determines that it is necessary to make material modifications to the Educational Program, CORNERSTONE shall inform the Board of the proposed changes and obtain Board approval, and if required under the Charter, approval of the Authorizing Body. The parties acknowledge that an essential principle of the Educational Program is its flexibility, adaptability and capacity to change in the interest of continuous improvement and efficiency. The ACADEMY and CORNERSTONE each agree that they are interested in results and not in inflexible prescriptions. Not less than annually, and otherwise as requested, CORNERSTONE will provide the Board with updated reports on progress towards implementing each of the ACADEMY's educational goals set forth in the Educational Program.

3.3 Specific Functions. Subject to the oversight and authority of the Board, CORNERSTONE shall be responsible for implementing the Educational Program and the management, operation, accounting and administration of the ACADEMY. Such functions include, but are not limited to:

A. Implementation and administration of the Educational Program, including, without limitation, the acquisition of instructional materials and equipment and supplies necessary to implement the Educational Program, as well as administration of any and all extra-curricular and co-curricular activities and programs approved by the Board.

B. Selection, hiring, management and supervision of all CORNERSTONE employees assigned to perform Services at the ACADEMY and management of all personnel functions.

C. All aspects of the ACADEMY's business administration.

D. Operation and maintenance of the school building to the extent consistent with any and all leases pertaining to the Academy site.

~~E. All aspects of the accounting operation, including general ledger management, financial reporting, payroll, employee benefits and payroll tax compliance.~~

F. Transportation and food service to the extent such services are authorized by the Board and to the extent CORNERSTONE agrees to provide such services.

G. Marketing and development costs in the Budget.

3.4 Budget

3.4.1 Projected Budget. CORNERSTONE shall provide the Board with an annual projected Budget. For the ACADEMY's first academic year, the Budget shall be submitted on a timeline acceptable to the Board and Authorizing Body. Thereafter, the Budget shall be submitted to the Board prior to June 1st for the next fiscal year.

3.4.2 Budget Detail. The Budget shall contain detail as required by the Charter and applicable law, including without limitation the Uniform Budgeting and Accounting Act. The Budget shall include all projected expenses and costs including, but not limited to, the projected cost of all Services to be provided by CORNERSTONE and/or subcontractors pursuant to the terms of this Agreement.

3.4.3 Approval. The Budget shall be prepared by CORNERSTONE and presented to the Board for approval. The Budget shall be amended from time to time as deemed necessary by the Board or CORNERSTONE or to comply with the Uniform Budgeting and Accounting Act.

3.5 Revenues. Except as otherwise provided, all monies received by the ACADEMY Board shall be deposited, within three (3) business days of receipt, in the Board's depository account with a financial institution acceptable to the Board, provided however, upon receipt of a notice from CORNERSTONE, the ACADEMY agrees to pay all such funds owing under this Agreement directly to the account or party specified in such notice. Interest income earned on ACADEMY depository accounts shall accrue to the ACADEMY. Except as specifically excluded by the terms of this Agreement, the term "**Revenues**" shall include all funds received by or on behalf of the ACADEMY (collectively referred to as "the Revenues"), including but not limited to:

- A. Funding for public school pupils enrolled at the ACADEMY.
 - B. Special education funding provided by federal and/or state government that is directly allocable to special education students enrolled at the ACADEMY.
 - C. Talent Development funding (f/k/a/ gifted and talented funding) provided by federal and/or state governments that is directly allocable to gifted and talented students enrolled at the ACADEMY.
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- D. At-risk funding provided by federal and/or state governments that is directly allocable to at-risk students enrolled at the ACADEMY.
 - E. Funding provided by federal and/or state governments that is directly allocable to students enrolled at the ACADEMY with limited English proficiency.
 - F. All other federal and/or state grant sources, including, but not limited to, Title I and any start up funding allocable to the ACADEMY.
 - G. All other funding, grants and donations received by the ACADEMY to support or carry out programs at the ACADEMY (except to the extent CORNERSTONE is not required or involved in soliciting, administering or managing the contribution and/or donation).
 - H. Fees charged to students as permitted by law for extra services approved by the Board.

3.6 Expenditures. The Revenues shall be expended by CORNERSTONE in accordance with the Budget and as otherwise authorized by the Board (except in emergencies, or if such expenditure is within the parameters established by the Michigan Department of Education Guidelines, as amended from time to time, or where the deviation is less than the amount budgeted). The expenditure of Revenues received from governmental entities shall be consistent with all applicable regulations and policies, and in the case of private donations, according to applicable, lawful directives of the donor. Revenues received from non-governmental grants, contributions and donations shall be expended consistent with the provisions of Article VIII.

3.7 Accurate Financial Records. CORNERSTONE shall keep accurate financial records pertaining to its operation of the ACADEMY, together with all ACADEMY financial records prepared by or in possession of CORNERSTONE (the "Financial Records"), and shall retain all of the Financial Records according to the Charter and applicable law to which such books, accounts, and records relate. CORNERSTONE and the Board shall maintain the proper confidentiality of personnel, students, and other records as required by law.

3.8 Availability of Funds. CORNERSTONE shall only be required to perform its responsibilities under this Agreement to the extent that there are sufficient Revenues to make payments in accordance with the terms of the Budget.

3.9 Other Public School Academies. The ACADEMY acknowledges that CORNERSTONE has entered, or may enter, into similar educational and/or personnel services agreements with other public school academies. CORNERSTONE shall maintain separate accounts for expenses incurred by and on behalf of the ACADEMY and other public school academies, and shall reflect in the ACADEMY's financial records only those expenses incurred ~~by or on behalf of the ACADEMY. If CORNERSTONE incurs authorized expenses on behalf of~~ the ACADEMY and other public school academies, then CORNERSTONE shall allocate, to the extent permitted by law, such expenses among all such affected academies, including the ACADEMY, on a prorated basis based upon the number of pupils enrolled at such affected academies, or such other equitable basis:

3.10 Financial Reporting. CORNERSTONE shall provide the Board with:

- A. The projected annual Budget as required by the terms of this Agreement.
- B. Statements of Revenues, Expenditures and Changes in Fund Balance detailing all revenues received, and all expenditures for services rendered or expenses incurred on behalf of the ACADEMY, whether incurred on-site or off-site, on a frequency determined by the Board.
- C. Reports on ACADEMY operations and student performance, which shall be provided to the Board quarterly, unless otherwise reasonably requested by the Board.
- D. Such other information as the Board may reasonably request to enable the Board to (i) evaluate the quality of the services provided by CORNERSTONE to the ACADEMY, and (ii) timely provide all reports and information that the ACADEMY is required to provide pursuant to the Charter and applicable law.

3.11 Purchases. Purchases made by CORNERSTONE for the ACADEMY with the ACADEMY's funds, such as non-proprietary instructional and/or curriculum materials, books, supplies, and equipment, will be the property of the ACADEMY (exclusive of items leased, financed or purchased by CORNERSTONE with CORNERSTONE'S management fee received under this Agreement). CORNERSTONE shall disclose in writing to the ACADEMY if CORNERSTONE acts as purchasing agent for any materials and supplies. CORNERSTONE represents and warrants that any markups on the price of such materials and supplies shall be mutually agreed upon with the ACADEMY.

3.12 Procurement Policy. In the event that CORNERSTONE makes purchases on behalf of the ACADEMY with the ACADEMY's funds, CORNERSTONE, acting on behalf of the ACADEMY, shall comply with Section 1274 of the Code, MCL 380.1274, as if the ACADEMY were making such purchases directly from a third party.

3.13 Subcontracts. CORNERSTONE reserves the right to subcontract any and all aspects of the Services it agrees to provide to the ACADEMY under this Agreement, including, but not limited to transportation and/or food service.

3.14 Place of Performance. CORNERSTONE reserves the right to perform functions other than instruction, such as purchasing, professional development, and administrative functions, off-site, unless prohibited by the Charter or applicable law.

3.15 Student Recruitment. CORNERSTONE and the Board shall be jointly responsible ~~for the recruitment of students. Students shall be selected in accordance with the procedures set forth in the Charter and in compliance with the Code and applicable law.~~

3.16 Due Process and Student Discipline Hearings. CORNERSTONE shall provide due process to students and student discipline hearings in conformity with the requirements of the ACADEMY's Charter and applicable law regarding discipline, special education, confidentiality and access to records. The Board shall retain the right to provide due process as required by law.

3.17 Legal Requirements. CORNERSTONE shall implement the Educational Program in accordance with the Charter and applicable law.

3.18 Rules and Procedures. CORNERSTONE shall recommend to the Board reasonable rules, regulations and procedures applicable to the ACADEMY and is authorized and directed by the Board to enforce such rules, regulations and procedures adopted by the Board.

3.19 School Year and School Day. The school year and the school day schedule shall be approved by the Board as required under the Charter.

3.20 Pupil Performance Standards and Evaluation. CORNERSTONE shall implement pupil performance evaluations that permit evaluation of the academic progress of each ACADEMY student. CORNERSTONE shall be responsible and accountable to the Board for the academic performance of students who are enrolled at the ACADEMY. CORNERSTONE will utilize assessment strategies required by the terms of the Charter and applicable law. The Board and CORNERSTONE will cooperate in good faith to identify academic goals and methods to assess the pupils' academic performance.

3.21 Services to Students with Disabilities and Special Education. CORNERSTONE shall provide special education programs and services to eligible students with disabilities who attend the ACADEMY in conformity with the requirements of applicable law. CORNERSTONE may subcontract as necessary and appropriate for the provision of programs and services to students with disabilities. Such services shall be provided in a manner that complies with applicable law.

3.22 Compliance with ACADEMY'S Contract. The Educational Management Organization agrees to perform its duties and responsibilities under this Agreement in a manner that is consistent with the ACADEMY'S obligations under the ACADEMY'S Contract issued by

Grand Valley State University Board of Trustees. The provisions of the ACADEMY'S Contract shall supersede any competing or conflicting provisions contained in this Agreement.

3.23 Unusual Events. CORNERSTONE agrees to timely notify the Board and Administrator of any anticipated or known: (i) material health or safety issues; (ii) labor, employee or funding problems; or (iii) problems of any other type that could reasonably be expected to adversely affect the ACADEMY in complying with the ACADEMY's responsibilities under the Charter, this Agreement or applicable law.

~~**3.24 ACADEMY Records.** The financial, educational and student records pertaining to the ACADEMY ("ACADEMY Records") are ACADEMY records and are subject to inspection and copying to the same extent that records of a public school are subject to inspection and copying pursuant to the Michigan Freedom of Information Act. All ACADEMY records shall be physically or electronically available, upon request, at the ACADEMY. Except as prohibited under the Charter and applicable law, the Authorizing Body and the public shall have access to the ACADEMY's records.~~

3.25 Facility. CORNERSTONE shall use reasonable efforts to identify a facility to be leased or otherwise provided to the Board on terms mutually agreeable to the Lessor and the Board. The facility shall comply with the requirements of the Charter and applicable law.

3.26 Additional Services. If the ACADEMY so requests, CORNERSTONE may provide additional services for the ACADEMY by specific agreement. The details and cost of such services shall be incorporated as addenda to this Agreement, as appropriate.

3.27 Compliance with Section 503c. On an annual basis, the ESP agrees to provide the ACADEMY Board with the same information that a school district is required to disclose under section 18(2) of the State School Aid Act of 1979, MCL 380.1618, for the most recent school fiscal year for which the information is available. Within thirty (30) days of receipt of this information, the ACADEMY Board shall make the information available on the ACADEMY'S website home page, in a form and manner prescribed by the Michigan Department of Education. The defined terms in section 503c of the Code, MCL 380.503c, shall have the same meaning in this Agreement."

ARTICLE IV

OBLIGATIONS OF THE BOARD

4.1 Good Faith Obligation. The Board shall be responsible for its fiscal and academic policies. The Board shall exercise good faith in considering the recommendations of CORNERSTONE, including but not limited to, CORNERSTONE'S recommendations concerning policies, rules, regulations and budgets.

4.2 Assistance to CORNERSTONE. The Board shall cooperate with CORNERSTONE and, to the extent consistent with applicable law, shall timely furnish CORNERSTONE all documents and information necessary for CORNERSTONE to properly perform its responsibilities under this Agreement.

4.3 Review of Operational Budget. The Board shall be responsible for reviewing, revising and approving the annual Budget in accordance with the Charter and applicable law.

4.4 Annual Audit. The Board shall select and retain an independent auditor to conduct an annual audit of the ACADEMY's financial matters in accordance with the ACADEMY's Charter and applicable law. Subject to applicable law, all records in the possession or control of CORNERSTONE that relate to the ACADEMY, including, but not limited to, Financial Records, shall be made available to the ACADEMY's independent auditor.

~~**4.5 Unusual Events.** The Board agrees to timely notify CORNERSTONE of any anticipated or known: (i) material health or safety issues, (ii) labor, employee or funding problems, or (iii) problems of any other type that could reasonably be expected to adversely affect CORNERSTONE in complying with its responsibilities under this Agreement.~~

4.6 CORNERSTONE Office Space. Upon request by CORNERSTONE, the Board shall provide CORNERSTONE with suitable space at the ACADEMY, provided: (i) the requested space is available and can be provided without materially prejudicing the Educational Program, and (ii) the requested space is used only for education-related activities. The space shall be provided at no cost to CORNERSTONE.

4.7 Retained Authority. The Board shall retain the authority to make reasonable regulations relative to anything necessary for the proper establishment, maintenance, management, and operation of the ACADEMY, including, without limitation, regulations relative to the conduct of students while in attendance at the ACADEMY or en route to and from the ACADEMY.

ARTICLE V

FEEs, INVOICE AND PAYMENT

5.1 Compensation. The ACADEMY shall pay CORNERSTONE the management fee detailed in Section 5.2 and reimbursement of expenses detailed in Section 5.3 as reasonable compensation for the Services CORNERSTONE will provide to the Academy during the term of this Agreement. No portion of the compensation paid by the ACADEMY to CORNERSTONE under this Agreement is based on a share of the net profits of the ACADEMY. If the provisions of this Agreement regarding service fees and reimbursement are determined to result in private business use of the ACADEMY's facilities under Rev. Proc. 97-13 as amended by Rev. Proc. 2001-39 (and as may be further amended), the parties agree to renegotiate the management fee and reimbursement provisions of this Agreement as necessary to maintain the qualified use and tax-exempt nature of any ACADEMY bond funded property. However, CORNERSTONE may terminate this Agreement in accordance with Article II if the ACADEMY requests or demands a reduction in CORNERSTONE'S net service fees and reimbursement under this Section 5.1 without a corresponding reduction in services to the ACADEMY.

5.2 Management Fee. Beginning in the 2012-2013 fiscal year, and continuing throughout the term of this Agreement, the ACADEMY will pay to CORNERSTONE an annual

capitation fee (the "Management Fee") in the amount of twelve (12%) percent of the per pupil revenue ("PPR") that the ACADEMY receives from all sources for the particular students enrolled in the ACADEMY. The PPR may change during the term of this Agreement according to overall changes in the state school aid payment, monies or services provided by other state agencies, and the extent of other revenue sources. The Management Fee shall be paid by the ACADEMY to CORNERSTONE in 12 monthly installments per year, as and when state school aid payments, or funds from other agencies or other revenue sources, are received by the ACADEMY. In order to induce CORNERSTONE to vigorously seek additional revenue sources, and in recognition of CORNERSTONE'S obligation to manage such revenue, upon receipt, the PPR shall include all of the other revenue sources identified in Section 3.5 and Article IX, and any and all other funds received by the ACADEMY of any kind or nature. In addition, the PPR includes the full gross amount of state school aid payments, and not the net amount after retention of a portion of such payments by the Authorizing Body. The PPR shall not include school lunch revenue or funds raised by students, or parents/guardians of students, in specific student fund-raising projects, or in class or student operated business enterprises.

The Parties agree that the Management Fee amount is reasonable compensation for the provision of the Services. However, total compensation to CORNERSTONE, not including reimbursable costs, for all services under this agreement during a fiscal year shall be no less than \$245,000.00 or greater than \$490,000.00. The Parties agree that if revenue does not reach \$2,046,166.00, the Parties will renegotiate the minimum amount required to be paid to CORNERSTONE for services rendered.

5.3 Reimbursement. In addition to the Service Fee, the ACADEMY will reimburse CORNERSTONE in an amount not to exceed budgeted amounts approved by the ACADEMY's Board, equal to the sum of the following:

- A. The cost of salaries, fringe benefits and local, state and federal taxes attributable to personnel employed by CORNERSTONE as teachers, administrators, aides, assistants, support and custodial staff, and other required personnel, and assigned by CORNERSTONE to perform services under this Agreement; plus
- B. The cost of insurance premiums paid by CORNERSTONE when said insurance relates directly to the Services provided to the ACADEMY by CORNERSTONE under this Agreement; plus
- C. Any direct costs associated with the employment of staff assigned to provide Services at the ACADEMY including, without limitation, costs associated with the criminal history checks and criminal records checks.

Reimbursement will be payable monthly on the first business day of each month. All documentation relating to the payment of fees and expenses will be provided to the ACADEMY's Board for ratification at the Board's next regularly scheduled meeting following such payments; provided, however, that in no event shall the payment be made on the first business day of each month exceed Board-approved budget limits. The ACADEMY

acknowledges and agrees that under no circumstances will CORNERSTONE be required to provide personnel or services if the cost of same exceeds Board-approved budget limits.

5.4 Other Financing. The Board may apply to CORNERSTONE for financing from time to time. Financing extended by CORNERSTONE to the ACADEMY shall be separately documented. The ACADEMY shall repay from its Revenues financing extended by CORNERSTONE. Documentation of financing will be contained in a separate agreement.

ARTICLE VI

CONFIDENTIALITY AND DATA SECURITY

6.1 Commitment to Preserve. CORNERSTONE agrees that it shall observe the policies and directives of the ACADEMY to preserve the confidentiality of Covered Data and Information (defined in Subsection 6.2 below) to the extent that CORNERSTONE (its employees or agents) are permitted to access Covered Data and Information in the course of performing Services under this Agreement.

6.2 Covered Data and Information (CDI) includes paper and electronic student education and/or medical record information supplied by the ACADEMY and/or its students or parents/guardians to CORNERSTONE and includes, without limitation, "education records" and "education record information" as defined under FERPA and IDEA; "protected health information" as defined under HIPAA; "relevant records" as defined under Section 504; and social security numbers. CDI also includes any new records created and maintained by CORNERSTONE under this Agreement using CDI.

6.3 Acknowledgment of Access to CDI. CORNERSTONE acknowledges that this Agreement allows CORNERSTONE (its employees and agents) access to CDI, which the ACADEMY may have the ultimate legal responsibility to maintain in a confidential and secure fashion. Accordingly, CORNERSTONE (its employees and agents) shall provide the ACADEMY with control over the CDI sufficient to satisfy all applicable legal and regulatory standards. In any event, CORNERSTONE (its employees and agents) shall at all times make CDI available to the ACADEMY within a reasonable time of receiving a request for same.

6.4 Prohibition on Unauthorized Use or Disclosure of CDI. CORNERSTONE (its employees and agents) agrees to hold CDI in strict confidence. CORNERSTONE (its employees and agents) shall not use or disclose CDI received from or on behalf of the ACADEMY except as permitted or required by this Agreement, as required or authorized by law, or as otherwise authorized in writing by the ACADEMY, a parent/guardian, or eligible student. CORNERSTONE agrees that it will protect the CDI it receives from or on behalf of the ACADEMY according to commercially acceptable standards and no less rigorously than it protects its own confidential information. CORNERSTONE shall ensure that any employee or agent, including a subcontractor or Business Associate (as defined in HIPAA), to whom it provides CDI under this Agreement, understands and agrees to the same restrictions and conditions pertaining to use and disclosure of CDI that apply to CORNERSTONE under this Agreement.

6.5 Return or Destruction of CDI. Upon termination or other conclusion of this Agreement, CORNERSTONE (its employees and agents) shall return all CDI to the ACADEMY.

6.6 Maintenance of the Security of Electronic Information. CORNERSTONE (its employees and agents) shall develop, implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of all CDI received from, or on behalf of, the ACADEMY or its students. These measures will be ~~extended by contract to all agents, including subcontractors or Business Associates, used by~~ CORNERSTONE.

6.7 Reporting of Unauthorized Disclosures or Misuse of Covered Data and Information. CORNERSTONE, within two business days of discovery, shall report to the ACADEMY any use or disclosure of CDI not authorized by this Agreement or in a writing by the ACADEMY. CORNERSTONE'S report shall identify: (i) the nature of the unauthorized use or disclosure, (ii) the CDI used or disclosed, (iii) who made the unauthorized use or received the unauthorized disclosure, (iv) what CORNERSTONE has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure, and (v) what corrective action CORNERSTONE has taken or shall take to prevent future similar unauthorized use or disclosure. CORNERSTONE shall provide such other information, including a written report, as reasonably requested by the ACADEMY.

6.8 Remedies.

6.8.1 Notice and Opportunity to Cure. If the ACADEMY reasonably determines in good faith that CORNERSTONE has materially breached any of its obligations under the data security provisions of this Agreement, the ACADEMY, in its sole discretion, shall have the right to require CORNERSTONE to submit to a plan of monitoring and reporting; provide CORNERSTONE with a fifteen (15) day period to cure the breach; or terminate the Agreement immediately if cure is not possible. Before exercising any of these options, the ACADEMY shall provide written notice to CORNERSTONE describing the violation and the action it intends to take.

6.8.2 Statutory/Regulatory Penalties. In addition, the parties understand and agree that CORNERSTONE is subject to any penalties for unauthorized disclosures or misuse of CDI that are or may be imposed, from time to time, under applicable law including, without limitation, that CORNERSTONE may be prohibited by law from accessing CDI for defined periods of time following any unauthorized disclosure or misuse of CDI, which shall constitute a material breach of this Agreement.

6.9 Amendment for Compliance. If the ACADEMY believes in good faith that any data security provision of this Agreement fails to comply with applicable laws or regulations, the

ACADEMY shall notify CORNERSTONE in writing. Within thirty (30) business days of receipt of such notice by THREE PILLARS, the parties shall address in good faith the expressed concern(s) and shall amend the terms of this Agreement, if the ACADEMY deems an amendment necessary to bring the Agreement into compliance with applicable laws and regulations. If after such thirty (30) business day period this Agreement remains non-compliant with applicable laws or regulations with respect to the concern(s) raised under this Section, the ACADEMY shall have the right to immediately terminate this Agreement upon written notice to CORNERSTONE.

ARTICLE VII

INTELLECTUAL PROPERTY

7.1 Intellectual Property. The ACADEMY acknowledges and agrees that in the course of the performance of the Agreement, the ACADEMY may be exposed to certain confidential information or trade secrets of CORNERSTONE (or of one or more of CORNERSTONE'S licensors, subcontractors or agents), including but not limited to, know-how, technical information, systems, processes, computer software, training materials, training methods and practices, courseware and related information, all of which shall be considered to be confidential in nature (the "Intellectual Property"). The ACADEMY agrees, subject to the limitations of MCL 380.1137 (the powers of parents and legal guardians to review curriculum, textbooks, and teaching materials); MCL 380.505(3) (the obligation of public school academies to report on and make available to the public teaching techniques and methods); MCL 15.231, *et seq* (the Freedom of Information Act); other applicable law, and the Charter, that any Intellectual Property communicated to, or received or observed by, the ACADEMY shall at all times remain the property of CORNERSTONE (or of the licensor, subcontractor or agent holding the proprietary rights) and all such Intellectual Property, together with all copies or excerpts of such Intellectual Property, shall be promptly returned to CORNERSTONE (or the applicable licensor, subcontractor or agent) upon request. The provisions of this Section 7.1 shall survive the termination or expiration of this Agreement. The provisions of this Section 7.1 shall not apply to curriculum or other materials developed and paid for by the ACADEMY, or developed by CORNERSTONE at the direction of the ACADEMY or its Board with ACADEMY funds, or to any information subject to disclosure under the law. The ACADEMY shall own all proprietary rights to curriculum or educational materials that (1) are both directly developed and paid for by the ACADEMY; or (2) were developed by CORNERSTONE at the direction of the ACADEMY's Board with ACADEMY funds dedicated for the specific purpose of developing such curriculum or materials.

7.2 CSA Licensing Agreement. The ACADEMY acknowledges and agrees that the rights and privileges that CORNERSTONE acquires under the CSA Licensing Agreement are vested solely in CORNERSTONE and are non-transferable and non-sublicensable. It is understood that CORNERSTONE will be authorized under the CSA Licensing Agreement to use the rights and privileges that it acquires under the CSA Licensing Agreement in its delivery of Services to the ACADEMY. However, the ACADEMY understands and agrees that the ACADEMY does not acquire any independent right under this ESP Agreement to use the

Cornerstone name, marks, systems, processes, or other proprietary information subject to that CSA Licensing Agreement.

ARTICLE VIII

LIABILITY, INSURANCE and INDEMNITY

8.1 Indemnity. CORNERSTONE will indemnify, defend and hold harmless the ACADEMY (and its officer and Board) from and against all demands, claims, actions, suits, causes of action, losses, judgments, liabilities, damages, fines, penalties, demands, forfeitures, or ~~any other liabilities or losses, including costs and expenses (not limited to reasonable attorney fees, expert and other professional fees)~~ settlement and prosecution (collectively "Damages") imposed upon or incurred by the ACADEMY to the extent that they arise out of any of the following and are within the limits of Cornerstone's insurance policy (Section 8.2), which coverage shall be determinative of the scope of defense and indemnity provided by CORNERSTONE to the ACADEMY:

- A. The failure of CORNERSTONE or any of its employees or others for whom CORNERSTONE is responsible to comply with its/their obligations under any applicable laws, regulations or orders;
- B. Breach by CORNERSTONE of any obligation under this Agreement;
- C. Any direct claim for workers' compensation benefits for job-related bodily injury or death asserted against the ACADEMY by CORNERSTONE'S employees or, in the event of death, by their personal representatives; or
- D. Any negligent or intentional tortious act or omission of CORNERSTONE or any of its employees, acting within the scope of their employment, that results in bodily injury (including death) or property damage.

The above promise of indemnity and defense shall not apply to the extent such liability results from the negligence, wrongful act or breach of this Agreement by the ACADEMY (or its officers, Board, or agents). To obtain indemnification, the ACADEMY must promptly notify CORNERSTONE in the event of a claim, and cooperate in resolving the claim.

Indemnification of Grand Valley State University. The parties acknowledge and agree that the Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives are deemed to be third party beneficiaries for purposes of this Agreement. As third party beneficiaries, the parties hereby promise to indemnify and hold harmless Grand Valley State University Board of Trustees, Grand Valley State University and its members, officers, employees, agents or representatives from all claims, demands, or liability, including attorney fees, and related expenses, on account of injury, loss or damage, including, without limitation, claims arising from bodily injury, personal injury, sickness, disease, death, property loss or damage or any other losses of any kind whatsoever and not caused by the sole negligence of Grand Valley State University, which arise out of or are in any manner connected with Grand Valley State University Board's approval of the School of

Excellence application, the University Board's consideration of or issuance of a Contract, the Academy's preparation for and operation of a public school, or which are incurred as a result of the reliance by Grand Valley State University and its Board of Trustees members, officers, employees, agents or representatives upon information supplied by the ACADEMY or the Educational Management Organization, or which arise out of the failure of the ACADEMY to perform its obligations under the Contract issued to the ACADEMY by Grand Valley State University Board of Trustees. The parties expressly acknowledge and agree that Grand Valley State University and its Board of Trustee members, officers, employees, agents or representatives may commence legal action against either party to enforce its rights as set forth in this Agreement.

8.2 General Liability Insurance. CORNERSTONE shall procure and maintain such policies of insurance as required by law, the Charter and, if applicable, the Michigan Universities Self Insurance Corporation (MUSIC), and that, in any event, shall provide no less protection than comprehensive general liability and employment practices liability insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) combined single limit for bodily injury and property damage, in a form acceptable to both parties, to protect CORNERSTONE and the ACADEMY against liability or claims of liability which may arise out of CORNERSTONE'S (including CORNERSTONE'S employees, subcontractors and agents) performance under this Agreement. In addition, CORNERSTONE agrees that such policy shall provide an endorsement stating that such insurance shall be primary and that insurance carried by the ACADEMY shall be excess and non-contributory. Not later than ten (10) business days from the date both parties have executed this Agreement, CORNERSTONE shall provide the ACADEMY with certificates of insurance evidencing all required coverages and endorsements. CORNERSTONE agrees to name the ACADEMY (including its Board, officers, agents and employees), as an additional insured under said policy.

8.3 Workers' Compensation Insurance. CORNERSTONE agrees to procure and maintain in full force and effect Workers' Compensation Insurance covering its employees, and to require that its subcontractors similarly maintain such insurance, for any employees assigned by CORNERSTONE to perform Services for the ACADEMY under this Agreement, while those persons are engaged in performing Services under this Agreement. If a claim is filed under the provisions of the Michigan Workers' Compensation Disability Act against the ACADEMY by an employee of CORNERSTONE or of any of its subcontractors relating to performance of Services under this Agreement, CORNERSTONE agrees to defend and hold harmless the ACADEMY from such claims(s). CORNERSTONE agrees to provide the ACADEMY, upon request of the ACADEMY, with certifications evidencing the required coverage.

8.4 Responsibility of Academy. The ACADEMY shall be solely and entirely responsible for its acts and omissions and for the acts and omissions of the ACADEMY's agents and employees (if any) in connection with the performance of the ACADEMY's responsibilities under this Agreement; provided, however, that nothing in this Agreement is intended, nor shall be construed, as a waiver of the governmental immunity provided to the ACADEMY and its incorporators, board members, officers, employees, and volunteers under section 7 of 1964 PA 170, MCL 691.1407. If CORNERSTONE is made a party to any litigation involving claims arising out of the acts and/or omissions of the ACADEMY or its directors, agents, or employees,

the ACADEMY will provide any reasonable assistance requested by CORNERSTONE in the defense against such claims.

8.5 ACADEMY Insurance. The ACADEMY agrees to procure and maintain in full force and effect comprehensive general liability insurance, on which CORNERSTONE is named as an additional insured, with limits of not less than One Million Dollars (\$1,000,000) per occurrence, combined single limit for bodily injury and property damage, to protect the ACADEMY and CORNERSTONE against liability or claims of liability which may arise out of an act or omission by the ACADEMY within the scope of coverage of the comprehensive general liability insurance policy, which coverage shall be determinative of the scope of defense and indemnity herein provided by the ACADEMY to CORNERSTONE.

The purpose of this provision is to name CORNERSTONE as an additional insured in the event that CORNERSTONE is sued as a result of acts or omissions committed by the ACADEMY and not solely as a result of the acts or omissions of CORNERSTONE (or its employees and/or agents). Insurance coverage shall not apply to claims or liability which result from the sole negligence, wrongful act or breach of this Agreement by CORNERSTONE or its employees or agents. CORNERSTONE must promptly notify the ACADEMY consistent with the terms of any applicable policy, and cooperate in resolving the claim. Not later than ten (10) business days from the date both parties have executed this Agreement, the ACADEMY shall provide CORNERSTONE with certificates of insurance evidencing all required coverages and endorsements. The ACADEMY agrees to name CORNERSTONE (including its Board, officers, agents and employees), as an additional insured under said policy.

8.6 No Special Damages. Neither CORNERSTONE nor the ACADEMY will be liable for special, indirect, or consequential damages, or loss of profits, revenues, or goodwill arising out of this Agreement regardless of the basis of the claim.

ARTICLE IX

SOLICITATION OF NON-GOVERNMENTAL FUNDS

CORNERSTONE must seek the Board's approval prior to soliciting any non-governmental grants, donations or contributions on behalf of the ACADEMY; provided, however, that execution of this Agreement by the ACADEMY's Board President constitutes approval for CORNERSTONE to act under the CSA Licensing Agreement to replicate, and/or to work to generate revenue through, the CSA Partner Program. Any such funds so received shall be used solely in accordance with the purpose(s) for which they were solicited, applicable donor restrictions, or as otherwise approved by the Board. Subject to applicable donor restrictions, the Board shall determine the allocation of any funds subject to this Article IX that remain unexpended following completion of the project or purpose for which they were originally designated.

ARTICLE X

WARRANTIES AND REPRESENTATIONS

10.1 ACADEMY Warranties and Representations. The Board warrants and represents that, on behalf of and in the name of the ACADEMY, it has the authority under law to execute, deliver and perform this Agreement and to incur the obligations provided for under this Agreement. The Board warrants that its actions have been duly and validly authorized, and that it will adopt any and all resolutions or expenditure approvals required for execution of this Agreement.

10.2 CORNERSTONE Warranties and Representations. CORNERSTONE warrants and represents that it is a corporation in good standing and is authorized to conduct business in the State of Michigan. ~~CORNERSTONE will comply with all registration and licensing requirements relating to conducting business under this Agreement. The Board agrees to assist CORNERSTONE in applying for such licenses and permits and in obtaining such approvals and consents.~~

10.3 Mutual Warranties. The Board, on behalf of the ACADEMY, and CORNERSTONE mutually warrant to the other that there are no pending actions, claims, suits or proceedings, to its knowledge, threatened or reasonably anticipated against or affecting it, which if adversely determined, would have a material adverse effect on its ability to perform its obligations under this Agreement.

ARTICLE XI

MISCELLANEOUS

11.1 Choice of Law. This Agreement shall be governed by and enforced in accordance with the laws of the State of Michigan, without reference to any conflict of laws provisions.

11.2 Alternative Dispute Resolution Procedure. Any and all disputes between the parties, concerning any alleged breach of this Agreement, or arising out of or relating to the interpretation of this Agreement or the parties' performance of their respective obligations under this Agreement, shall be resolved by arbitration, and such procedure shall be the sole and exclusive remedy for such matters, except that the parties reserve the right to pursue equitable and injunctive relief. Unless the parties agree upon a single arbitrator, the arbitration panel shall consist of three persons, with each party selecting one arbitrator and the two arbitrators selecting the third arbitrator.

The arbitration shall be conducted in accordance with the rules of the American Arbitration Association ("AAA") and be conducted at a location mutually agreeable to the parties, with such variations as the parties and arbitrators unanimously accept. A judgment on the award rendered by the arbitrators may be entered in any court having appropriate jurisdiction. The losing party shall pay the cost of arbitration, not including attorney fees. The arbitration panel shall have the discretion to award reasonable attorney fees to the prevailing party to be paid by the losing party.

11.3 Severability. In the event that any provision of this Agreement is found to be invalid, illegal or unenforceable by a court of competent jurisdiction, all other provisions of this

Agreement shall remain in full force and effect, and such invalidity, illegality or unenforceability shall not affect the validity, legality and enforceability of all other provisions.

11.4 No Modification or Waiver. There shall be no amendment, modification or waiver of any provision of this Agreement unless made in writing by both parties. No provision of this Agreement shall be varied, contradicted or explained by any oral agreement, course of dealing or performance; provided, however, that as a matter of law, course of dealing may be relied upon to resolve any contract ambiguity by evidencing the intent and understanding of the parties. No failure on the part of either party to exercise any right under this Agreement, or any right provided by state law or equity or otherwise, shall impair, prejudice or constitute a waiver of any such right.

11.5 No Third Party Rights. Nothing in this Agreement shall be intended to confer third party beneficiary status or rights, pursuant to MCL 600.1405 or under the common law, to any person or entity that is not a party to this Agreement.

11.6 Counterparts. This Agreement may be executed in one or more counterparts, all of which taken together will constitute one single agreement between the parties.

11.7 Section Headings. The section headings are used in this Agreement for reference and convenience only and shall not enter into the interpretation of this Agreement.

11.8 Time of Essence. The parties understand and agree that time is of the essence in performing their respective responsibilities under this Agreement.

11.9 Force Majeure. Any delay or failure of any party (the "affected party") in the performance of its required obligations under this Agreement shall be excused if and to the extent caused by war, rebellion or insurrection; an act of God; fire; government statute, order or regulation prohibiting the performance of this Agreement; riots; strikes, labor stoppages, lockouts or labor disputes to the extent such occurrences are not caused by the actions of the party seeking relief under this Section, provided that (i) written notice of such delay or suspension is given by the affected party to the other party within 72 hours of such event, which notice shall set forth in detail the nature of each delay; (ii) the affected party shall use all commercially reasonable efforts to minimize the extent of such force majeure delay; and (iii) additional expense or other adverse financial conditions shall not be deemed force majeure. Upon receipt of a notice of force majeure, the time for the affected party's performance shall be extended for a period of time reasonably necessary to overcome the effect of such delays and the other party's sole remedy shall be reimbursement for the additional cost of such delays; provided, further, that if such delay by CORNERSTONE would materially impair the value of the Services to be provided under this Agreement, CORNERSTONE may terminate this Agreement by written notice to CORNERSTONE within fifteen (15) calendar days of receiving CORNERSTONE'S notice of force majeure, in which event CORNERSTONE shall receive a refund of all monies paid under this Agreement for Services which CORNERSTONE has failed to deliver.

11.10 Delegation of Authority. Nothing in this Agreement shall be construed as delegating to CORNERSTONE powers or authority of the Board which are not subject to delegation by the Board under the Charter or applicable law.

11.11 Compliance with Law. The parties to this Agreement agree to comply with all applicable laws and regulations.

11.12 Review by Independent Counsel. The parties agree that each has reviewed, or had the opportunity to review, this Agreement with its own independent legal counsel prior to the execution of this Agreement.

ARTICLE XII

NOTICES

- All notices and other communications required by the terms of this Agreement shall be in writing and sent to the parties hereto at the facsimile number or address set forth below. Notice may be given by (i) by facsimile with written evidence of confirmed receipt by the receiving party of the entire notice, (ii) certified or registered mail, postage prepaid, return receipt requested, or (iii) personal delivery. Notice shall be deemed to have been given on the date of transmittal if given by facsimile, or upon the date of delivery if given by personal delivery, or upon the date of postmark if sent by certified or registered mail. Notices to the ACADEMY shall be sent to the current address of the then current Board President, with a copy to the then current Board attorney. Notices to CORNERSTONE shall be sent to the current address of the then current CEO, with a copy to the then current CORNERSTONE attorney. The addresses of the parties for purpose of notice, inclusive of the address of the initial Board President and CORNERSTONE CEO and respective counsel, are as follows:

To: ACADEMY
Cornerstone Health Schools
Kevin Schneiders
Board President

To: CORNERSTONE
Thomas Willis,
Chief Executive Officer

To: ACADEMY Counsel
John C. Kava
Collins & Blaha, P.C.
31700 Middlebelt Road, Suite 125
Farmington Hills, Michigan 48834
Fax: 248-406-8416

AUTHORIZATION

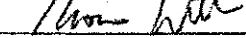
Each Person placing his or her signature below represents and warrants that s/he is the signatory duly authorized to execute this Agreement on behalf of the respective party represented.

IN WITNESS WHEREOF, the ACADEMY and CORNERSTONE have caused this Agreement to be entered into as of the date first written above.

CORNERSTONE HEALTH SCHOOLS

By: 
Its: Board President

CORNERSTONE CHARTER SCHOOLS:
An Educational Services Provider

By: 
Its: Chief Executive Officer

4821-7711-6430, v. 1

SCHEDULE 7

ACADEMY SPECIFIC INFORMATION & EDUCATIONAL PROGRAM

SCHEDULE 7-1

EDUCATIONAL GOALS AND PROGRAMS

SCHEDULE 7-1

EDUCATIONAL GOALS

Standards for Schools Serving from Kindergarten to Eighth Grade:

Standard #1: On the average of all MEAP tests administered or successor state test administered, the public school academy will meet or exceed the performance of its select peer district. A select peer district is the school district Grand Valley State University identifies as a reasonable comparison district for the public school academy.

Standard #2: On the average of all MEAP tests or successor state test administered, the public school academy will meet or exceed the performance of its compositional peer district. The comparison scores for the compositional peer district are populated by the weighted total of MEAP scores from those districts in which the PSA's students physically reside.

Standard #3: The public school academy will not average more than one-half a standard deviation below GVSU's MEAP or successor state test/Free-Reduced Lunch regression model for all grades and subjects included in the model.

Standard #4: The Fall to Spring growth rate of each grade and subject for which the administered nationally norm-referenced test is designed will fall at the fiftieth percentile or higher.

Standards for Schools Serving Students from Ninth to Twelfth Grade:

Standard #1: The public school academy will meet or exceed the performance of its select peer district's ACT composite or successor state test performance. A select peer district is the school district Grand Valley State University identifies as a reasonable comparison district for the public school academy.

Standard #2: The public school academy will not average more than one-half a standard deviation below GVSU's ACT or successor state assessment/Free-Reduced Lunch regression model for all grades and subjects included in the model.

Standard #3: The public school academy will meet or exceed its select peer district's four-year adjusted cohort graduation rate. A select peer district is the school district Grand Valley State University identifies as a reasonable comparison district for the public school academy.

Standard #4: The public school academy will meet or exceed its select peer district's annual percent daily attendance for all grades as recorded by the MDE. A select peer

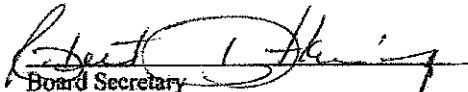
district is the school district Grand Valley State University identifies as a reasonable comparison district for the public school academy.

Date: 2-14-2012


Board President/Vice President Signature.

Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the _____ Board of Directors at a properly noticed open meeting held on the 14 day of Feb, 2012, at which a quorum was present.


Board Secretary

SCHEDULE 7-2

CURRICULUM

Please see enclosed CD for K-8 Curriculum

Cornerstone Health High School Curriculum

The Cornerstone Health High School curriculum was developed against the backdrop of Michigan's rigorous standards for graduation and the Common Core Standards. The four-year course of study goes beyond fundamental skills and pushes students to the highest level of preparation possible so that rigorous instruction makes remediation during the college years unnecessary. As a part of our blended learning model, Cornerstone plans to use Compass Learning's online curriculum because of its ability to provide solutions for advanced placement, college readiness, credit recovery, ELL/ESL, gifted and talented, response to intervention and summer/extended day programs. Most importantly, the online curriculum is fully aligned to the Common Core Standards and complements traditional classroom support, hallmarks of the blended learning approach to instruction. While the Michigan Merit Curriculum requires 16 credits, an average six period schedule provides students with a total 24 possible credits.

Graduation Requirements

Credits		Courses
Mathematics	4	Algebra I, Geometry, Algebra II, one math course in in final year of high school
English Language Arts	4	English Language Arts 9, 10, 11 and 12
Science	3	Biology, Chemistry or Physics, one additional science credit
Social Studies	3	US History and Geography; World History and Geography; .5 credits in both Civics and Economics
Physical Fitness Education & Health	1	Health 1-4; Sports; Modern Dance; Basic Swim; Bowling; Aerobics
Visual, Performing and Applied Arts	1	Art Appreciation; American Film Survey; Music Appreciation
Project Based Learning Experience	2	Developed and supported by peers, school staff and DMC
Language Other Than English	2	In grades 9-12; or an equivalent learning experience in grades K-12 (beginning with students entering 3 rd grade in 2006)
Health Applications	4	Four-year series of practica at local healthcare facilities and designed to prepare students for careers in the health professions
Online Learning Experience		
TOTAL CREDITS	24	

Cornerstone Health High School Curriculum

Four-Year Curriculum Framework

Grade	Courses	Course Description	Credits	Electives
9	Algebra 1	<p>The course explores:</p> <ul style="list-style-type: none"> Ratio and Proportion Probability Permutations Algebraic expressions Equations <ul style="list-style-type: none"> • Linear • Quadratic • Exponential Radicals Expressions Inequalities Basic mathematical properties Linear functions Square Root Functions Rational Numbers Factoring Polynomials <p>The program prepares students to work with graphs and finite numbers.</p>	1	There are no elective math courses in 9 th grade. Algebra 1 is a requirement for all students
	English 1 Response to Literature: Speech and Composition	<p>This course surveys the various genre and focuses on the essential skills in:</p> <ul style="list-style-type: none"> • Grammar • Sentence structure while exploring plot 	1	There are no elective English courses in 9 th grade. English 1 is a requirement for all students

Cornerstone Health High School Curriculum

Grade	Courses	Course Description	Credits	Electives
		<ul style="list-style-type: none"> and sequence. Predicting; Character analysis Writing conventions; Choosing a topic Developing ideas with appropriate details Editing and revising writing using clear, effective prose. Oral response to literature Persuasive speaking and writing 		
	Earth/Space Science	<p>The study of atmosphere, climate and the forces of gravity and energy. Students will also explore the Earth's solar system. Topics include:</p> <ul style="list-style-type: none"> • Topographic and geologic maps • Plate Tectonics • Rocks and Minerals • Erosion • Weather • Water systems • Glaciers • Climate • Astronomy • Cosmology 	1	There are no elective science courses in 9 th grade. Earth and Space Science is a requirement for all students.
	World History	History from the prehistoric period to the present. Includes the birth and development of Western and Eastern civilizations, as well	1	There are no elective history courses in 9 th grade. World History is a requirement for all students.

Cornerstone Health High School Curriculum

Grade	Courses	Course Description	Credits	Electives
	Fitness Education	<p>as the early civilizations of the Americas before Europeans discovered them. The course includes an exploration of the Post-Modern Era as well as the New Century and implications for the future.</p> <p>Basic skill development in basketball, soccer, volleyball and softball.</p> <p>Students develop self-confidence; learn rules and game strategies as well as safety, care of equipment and fundamentals of group dynamics.</p>	1	Contemporary Dance; Basic Swim; Aerobics; Weight training; Spinning
	Health 1 (Second semester)	<p>This course examines health and wellness while allowing students the opportunity to survey health careers and to develop strategies for making appropriate decisions about their own health. The course emphasizes:</p> <ul style="list-style-type: none"> • Emotional health • Physical Health, including nutrition and managing diet • Drugs, alcohol and tobacco • Disease • Injury • Matters related to family relationship • Dating • Practical experiences with healthcare agencies to give students an inside look at a variety of occupations and begin the training needed for 	.5	This course is required for all 9 th graders.

Cornerstone Health High School Curriculum

Grade	Courses	Course Description	Credits	Electives
		employment in specific areas of healthcare.		
	Technical Assistance and Project Management	<p>Management of online coursework under the tutelage of certified teachers employed as Rigor Managers. These teacher/managers will ensure that students master the skills and knowledge needed to successfully complete online courses through a process of supervision that includes establishing rubrics and setting standards for thematic projects, assignments and course completion. Project management is facilitated through Compass Learning's Odyssey online curriculum.</p> <p>Supporting students in developing skills needed to manage the technical requirements of the blended learning model is a core responsibility of Rigor Managers.</p>	.5	This course is required in ninth grade
	World Language 1 (Spanish 1, French 1, German 1, Chinese 1, or Latin 1)	<p>Study consists of accredited, American Council on the Teaching of Foreign Languages (ACTFL)-aligned courses.</p> <p>Courses are offered through Middlebury Interactive Languages and include grammar, interactive</p>	1	Students may choose to follow a course of study in one of the available world languages.

Cornerstone Health High School Curriculum

Grade	Courses	Course Description	Credits	Electives
		writing, pronunciation, and listening, as well as culture.		
		Each Middlebury course has 180 hours of instruction to align roughly with a typical academic year.		
PROPOSED COURSE OFFERINGS FOR GRADES 10, 11 AND 12				
Cornerstone Health High will grow and develop over a four-year period adding the 10 th , 11 th and 12 th grades at the rate of one additional grade per year. Details of course offerings during these upper grades are in the development stage and will be available when the school opens in the fall of 2012.				
Grade	Courses	Course Description	Credits	Electives
10	Geometry		1	Art Appreciation; American Film Survey; Music Appreciation (Offered through Michigan Virtual High School and Compass Learning)
	English 2		1	
	Biology		1	
	US History 1	Descriptions of courses in grade ten are in the development stage	1	
	Health 2		1	
	Arts 1		.5	
	World Language 2		1	
	Technical Assistance and Project Management		.5	
11	Algebra 2		1	AP Biology; AP Spanish; AP

Cornerstone Health High School Curriculum

12	English 3 Chemistry US History 2 Health 3 Arts 2 Elective Technical Assistance and Project Management	Descriptions of courses in grade eleven are in the development stage	1 1 1 1 .5 .5	French; Art Appreciation; American Film Survey; Music Appreciation (Some courses are offered through Michigan Virtual High School and Compass Learning)
	Trigonometry English 4 Civics	Descriptions of courses in grade twelve are in the development stage	1 1 1 1 1 .5 1	Physics; Pre-Calculus; AP Biology; AP Spanish; AP French; Art Appreciation; American Film Survey; Music Appreciation (Courses are offered through Michigan Virtual High School and Compass Learning)
	Economics Health 4 Elective 4 Elective 5 Technical Assistance and Project Management			

ASSESSMENT

GRADE NINE: Cornerstone Health High School will use ACT's **EXPLORE** program to help 9th graders consider options for high school and careers. The program assesses student readiness in the areas of English, reading, mathematics and science and is part of an assessment model that allows students and their teachers to chart that growth throughout high school. This information can be used to plan high school course work, and prepare for the ACT. The goal of the high school is for every student to receive at least a 21 on the ACT.

Cornerstone Health High School Curriculum

GRADE TEN: Students will be assessed using **PLAN**, the second part of ACT's assessment program. This program is designed to help 10th graders build a solid foundation for future academic and career success. As with **EXPLORE**, **PLAN** assesses readiness in the four areas mentioned above and measures growth in those areas. It provides a gateway to the ACT allowing 10th graders to determine how performance matches college requirements and the areas they need to improve. The test also assists students in selecting college majors.

GRADE ELEVEN: The final phase of the assessment program includes the **MME/ACT**, required of every 11th grader in the state.

COMPASS LEARNING ASSESSMENTS: These assessments allow teachers to author objective-based assessments and are divided into four components.

1. Item Bank contains test items for use in creating custom objective-based tests.
2. Item Builder is a tool for creating custom test items and modifying existing test items.
3. Objective Builder allows users to create custom standard sets.
4. Test Builder users can build, edit, and save tests and include them in assignments.

NORTHWEST EVALUATION ASSOCIATION'S (NWEA) MEASURES OF ACADEMIC PROGRESS: Assesses students' current level of academic performance and each grade level in reading, language usage and mathematics.

STUDENT SELF-ASSESSMENT: Supports students in comparing their anticipated grades to their actual grades to determine where changes in study habits and techniques should occur.

ONGOING WEEKLY ASSESSMENTS: Allow teachers to examine instructional strategies and to adjust delivery.

GROCKIT: An online resource with an ongoing embedded assessment feature that provides solo and peer group exposure to questions similar to those students will encounter while taking the ACT.

STUDENT SUPPORTS AND ACTIVITIES

Recognizing that while class schedules provide the main focus of a school's college and career readiness plan, students have a multitude of needs during the critical high school years. With that reality in mind, the Cornerstone Health High School was designed to serve the unique needs of urban students. To that end, the school will provide the following:

Cornerstone Health High School Curriculum

Resources

- *Relationship Managers* to build the capacity of students to manage time and assignments, as well as their personal and professional growth.
- *Rigor Managers, Relevance Managers and College Transition and Success Managers*, to direct student thinking around performance, grades, projects and preparation for college.
- Response to Intervention (RTI) to support students with learning challenges
- Contracted Services:
 - Social Workers
 - Psychologists
 - Special Education, including a resource room, if the need is present
 - Reading and mathematics specialists for students needing additional support
 - Michigan Department of Education academic coaches certified through Michigan State University's Coaching 101 training series
- Partnership with the Detroit Medical Center (DMC):
 - Student internships
 - Summer camps
 - Health career based projects
 - Student visits to DMC facilities
 - Job opportunities during high school
 - Field trips
 - Job Shadowing

Health High's Relevance Manager will facilitate the partnership agreement with DMC as a part of that staff member's responsibility for ensuring that the school provides instruction and exposure that meets the needs of students pursuing careers in the healthcare industry. This focus on practical, just-in-time scaffolding of student exposure to healthcare is an ancillary benefit of attending Health High since it is offered in addition to courses that fulfill state requirements. Every Health High student will participate in this partnership program guided by a

Cornerstone Health High School Curriculum

curriculum the school staff will co-develop with DMC staff.

Co-Curricular Activities

- *Student government* - At each grade level students participate in consensus building aimed at giving them voice in directing the course of their involvement in school life.
- *Community Service* – Students volunteer time at local hospitals or nursing facilities.
- *Chess Club* – Aside from the fun of competition, there are important correlations between the skills learned in chess competition and those associated with high level reading skills.
- *Debate Club* – Since the goal of the school is to be educationally and competitively successful this group's focus is the development of rigorous and critical thinking and to foster a team culture.
- *Earth Club* - Devoted to environmental awareness, education, and related action locally, statewide and nationally.
- *World Language Clubs* – Expands student exposure to their language of choice and deepens their appreciation of the cultures of the countries whose languages they study.

SCHEDULE 7-3

STAFF RESPONSIBILITIES



DRAFT JOB DESCRIPTION

TITLE: Chief Academic Officer (CAO)
FLSA STATUS: Exempt
REPORTS TO: Chief Executive Officer
SUPERVISES: School Principals

POSITION SUMMARY: Serves as the academic leader for the Cornerstone Charter Schools community of schools in accordance with its mission, vision, philosophy and policies. Works in a manner that sets a standard of excellence in achieving goals.

PERFORMANCE EXPECTATIONS:

The CAO will be responsible for the successful delivery of academic instruction to every CCS student (our customers).

The CAO performance measures shall be:

- School improvement year over year
- Student achievement growth versus target
- Customer & Stakeholder satisfaction – primarily as measured by surveys
- Financial results versus budget
- Enrollment levels versus target
- Student attendance versus target
- Student retention versus target
- Excellent, engaged team – staff retention and development

CRITICAL WORK:

The CAO will be responsible for:

- Modeling the “Cornerstone Way”
- Recruiting, management and supervision of principals
- Creating an environment to facilitate collaboration and learning
- Overseeing academic instruction and school curriculum (standards, assessments, credits, instructional supplies, instructional approach, timing, sequencing and mapping)
- Monitoring student achievement and progress toward instructional goals
- Assuring compliance with federal and state regulations
- Managing, developing and allocation of financial resources
- Monitoring student behavior to ensure consistency with Cornerstone Charter Program
- Assuring safety for all students and staff

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- Minimum ten years of teaching and administrative experience, including supervisory responsibilities
- Highly effective oral and written communication skills
- Customer focused and results orientation
- Extensive knowledge of technology to support and enhance teaching and learning
- Strong organizational, problem-solving, and change management skills
- Complies with Michigan school administrator continuing education requirements

The qualifications listed above are intended to represent the education, experience, skill and ability levels typically needed to successfully perform the essential duties contained in this job description. The qualifications should not be viewed as individual absolute standards, but considered holistically with other position-related criteria.



JOB DESCRIPTION

TITLE: Chief Executive Officer
FLSA STATUS: Exempt
REPORTS TO: Board of Directors
SUPERVISES: Chief Operating Officer, Chief Academic Officer, Chief Financial Officer, Executive Administrative Assistant

POSITION SUMMARY: Provides leadership, direction and oversight in the successful delivery of Cornerstone Charter Schools' educational programs and daily operational management in accordance with the organization's vision, mission, goals, priorities, and values.

PERFORMANCE EXPECTATIONS:

The Chief Executive Officer is responsible for providing leadership and strategic direction that will enable the organization to meet or exceed Board established strategic objectives, maximize customer and stakeholder satisfaction, and lead to the successful, sustainable, and scalable growth of Cornerstone Charter Schools.

The Chief Executive Officer performance measures shall be:

- Board satisfaction
- Student enrollment growth versus target
- Student achievement growth versus target
- Financial results versus budget
- Achievement of strategic plan goals and objectives
- Customer and stakeholder satisfaction
- Organizational compliance with related regulatory requirements, Cornerstone Charter Schools' goals and objectives, administrative guidelines, and Board policy (according to Carver Governance Model)
- Clear definition of Kalmus ratio denominator (student success points)

CRITICAL WORK:

The Chief Executive Officer will be responsible for:

- Modeling the "Cornerstone Way"
- Providing strategic leadership, in partnership with the Board, to create the vision for the organization, develop the strategic plan to achieve the vision, and drive the execution of the Board's policies
- Strategically positioning the organization to maximize customer service, donor support and growth of Cornerstone Charter Schools
- Providing leadership and support to the Board of Directors in fulfilling its responsibilities
- Assuring implementation of the Board's strategic objectives
- Providing leadership, direction and oversight in the successful delivery of Cornerstone Charter Schools' educational programs and daily operational management
- Establishing and maintaining an accountability structure that is focused on efficiency, effectiveness and continuous improvement via strong transparency and reporting systems
- Overseeing development and implementation of a sound financial plan for the organization
- Supervising, directly or indirectly, all employees of Cornerstone Charter Schools
- Acting as spokesperson for the organization
- Assuring organizational compliance with related regulatory requirements, Cornerstone Charter Schools' goals and objectives, administrative guidelines, and Board policy
- Managing relationships with the U.S. Department of Education, State of Michigan, City of Detroit and others in matters related to funding, reporting and regulations associated with charter schools

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- Bachelor's degree required. Master's degree preferred
- Ten (10) or more years of related experience including senior-level management responsibilities and strategic planning and execution
- Experience growing an excellent organization in a replicable and scalable manner
- Certification, licensure and registrations as required by the Michigan Department of Education for school administrator
- Knowledge of urban educational opportunities/challenges as well as accrediting and regulatory standards and school funding related to charter schools. The incumbent is also required to have strong knowledge of school operations and management, budget preparation and administration, and leadership development
- Demonstrated success leading strategic educational initiatives that result in measurable improved student achievement
- Interpersonal skills necessary to work productively with the Board in long-range strategic and business planning and decision-making
- Strong written and verbal communication skills, including effective presentation skills
- Strong organizational skills with demonstrated ability to manage multiple complex roles and responsibilities
- Analytical ability to develop the vision and direction of Cornerstone Charter Schools consistent with the mission statement of the organization as well as related Federal and state mandates
- Complies with Michigan school administrator continuing education requirements
- Experience with Baldrige

The qualifications listed above are intended to represent the education, experience, skill and ability levels typically needed to successfully perform the essential duties contained in this job description. The qualifications should not be viewed as individual absolute standards, but considered holistically with other position-related criteria.



JOB DESCRIPTION

TITLE: Dean of Operations
FLSA STATUS: Exempt
REPORTS TO: School Principal
SUPERVISES: Lunch Program

POSITION SUMMARY: Provides assistance to the Principal in supervising the daily operations of the school in accordance with the mission, vision, values and policies of Cornerstone Charter Schools. Works in a manner that sets a standard of excellence.

PERFORMANCE EXPECTATIONS:

The School Dean of Operations is responsible for assisting the School Principal in overseeing the successful delivery of academic instruction to the students (our customers) and efficient operation of the school by acting as the school's point of contact for all HR, IT, Facility, Compliance, Marketing and other operational components.

The School Dean of Operations performance measures shall be:

- Student achievement growth versus target
- Customer satisfaction – primarily as measured by Student surveys
- Stakeholder satisfaction – Parent, Vendor and Partner surveys
- Student behavior and discipline
- Student attendance versus target
- Student retention versus target
- Enrollment levels versus target
- Excellent, engaged team – staff retention and development

CRITICAL WORK:

The School Dean of Operations will be responsible for:

- Modeling the "Cornerstone Way"
- Assisting in management and development of staff
- Providing guidance and support to staff in the delivery of academic instruction
- Promoting improvement in curriculum and instruction within the building
- Promoting an environment to facilitate collaboration and learning for students and staff
- Monitoring student achievement and progress toward instructional goals
- Assuring compliance with federal and state regulations
- Managing student behavior to assure consistency with Cornerstone Character Program
- Assuring safety for all students and staff
- Maintaining positive parent and community relationships
- Serving as the designee for the Principal in his or her absence

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- Bachelor's degree required. Master's degree preferred
- Three plus years of teaching and administrative experience, including supervisory responsibilities
- Certification, licensure and registrations as required by the Michigan Department of Education for school administrator
- Knowledge of resources both within and beyond the school
- Highly effective communication skills to interact with students, parents, and staff
- Customer focused and results orientation
- Strong organizational, problem-solving, and change management skills
- Complies with Michigan school administrator continuing education requirements
- Baldrige experience considered a strong advantage

This job description is intended to describe the general nature and level of work being performed by an incumbent in this job and the qualifications needed. The job description should not be construed as an exhaustive list of all job duties that may be performed by a person so classified and should not be construed as an exhaustive list of all qualifications that may be required.



JOB DESCRIPTION

TITLE: Executive Administrative Assistant
FLSA STATUS: Exempt
REPORTS TO: Chief Executive Officer (and others as assigned by CEO)
SUPERVISES:

POSITION SUMMARY: Serves as key administrative contact person responsible for performing a variety of secretarial, confidential, and administrative tasks.

PERFORMANCE EXPECTATIONS:

The Executive Administrative Assistant is responsible for serving as key administrative contact person for the CCS Senior Leadership team.

The Executive Administrative Assistant performance measures shall be:

- Customer and stakeholder satisfaction
- Rapport with the Board, staff, students, parents and others
- Timeliness, accuracy and professionalism of communications, documents, records and other materials
- Responsiveness to internal and external customer requests
- Professionalism, including confidentiality
- Knowledge of the programs and services of Cornerstone Charter Schools

CRITICAL WORK:

The Executive Administrative Assistant will be responsible for:

- Modeling the "Cornerstone Way"
- Imparting an excellent first impression as voice and face for Cornerstone
- Accurately preparing communications, documents, records and other materials in a timely manner
- Impeccable record keeping
- Communicating directives from Senior Leadership to appropriate school personnel and coordinating activities
- Responding to internal and external customer requests in a timely and courteous manner
- Working cooperatively and maintaining positive Board, staff, student, parents and other key stakeholder relationships
- Maintaining an environment of professionalism and respect
- Maintaining confidentiality of documents and information received

JOB QUALIFICATIONS:

- High school diploma or equivalent. Some college coursework preferred.
- Five (5) or more years of related administrative secretarial experience
- Considerable knowledge of proper sentence structure, spelling and punctuation of the English language
- Knowledge of modern office procedures and equipment and office management
- Skill in composing routine correspondence as well as proofreading and detecting errors in printed documents
- Interpersonal skills necessary to deal effectively and tactfully with all levels of staff, Board members, parents, the general public and others. The incumbent is also required to communicate and process highly confidential information and handle problem situations in a tactful, courteous and respectful manner.
- Ability to work independently and exercise initiative, proper judgment and proper discretion in performing administrative duties including handling confidential and sensitive information.
- Written, typing and computer skills necessary for the creation and compilation of various documents, communications and reports. The incumbent is also required to utilize word processing, spreadsheet, and database software applications.

This job description is intended to describe the general nature and level of work being performed by an incumbent in this job and the qualifications needed. The job description should not be construed as an exhaustive list of all job duties that may be performed by a person so classified and should not be construed as an exhaustive list of all qualifications that may be required.



JOB DESCRIPTION

TITLE: School Principal
FLSA STATUS: Exempt
REPORTS TO: Chief Executive Officer
SUPERVISES: Teachers, Teacher's Aides, Lunchroom Staff, Latch Key Staff

POSITION SUMMARY: Serves as the academic and administrative leader of a campus of the Cornerstone Charter Schools community of schools in accordance with its mission, vision, philosophy and policies. Works in a manner that sets a standard of excellence in achieving goals.

PERFORMANCE EXPECTATIONS:

The School Principal will be responsible for the successful delivery of academic instruction to the students (our customers) and efficient operation of the school.

The School Principal performance measures shall be:

- Student achievement growth versus target
- Customer satisfaction – primarily as measured by Student surveys
- Stakeholder satisfaction – Parent, Vendor and Partner surveys
- Financial results versus budget
- Enrollment levels versus target
- Student attendance versus target
- Student retention versus target
- Excellent, engaged team – staff retention and development

CRITICAL WORK:

The School Principal will be responsible for:

- Modeling the "Cornerstone Way"
- Recruiting, management and development of staff
- Creating an environment to facilitate collaboration and learning for students and staff
- Overseeing academic instruction and school curriculum (standards, assessments, credits, instructional supplies, instructional approach, timing, sequencing and mapping)
- Monitoring student achievement and progress toward instructional goals
- Assuring compliance with federal and state regulations
- Managing financial resources to plan
- Monitoring student behavior to ensure consistency with Cornerstone Charter Program
- Assuring safety for all students and staff
- Maintaining positive parent and community relationships

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- Five to seven years of teaching and administrative experience, including supervisory responsibilities
- Demonstrates leadership and supervisory abilities
- Highly effective communication skills to interact with students, parents, and staff
- Customer focused and results orientation
- Extensive knowledge of technology to support and enhance instruction and manage the school
- Strong organizational, problem-solving, and change management skills
- Complies with Michigan school administrator continuing education requirements

The qualifications listed above are intended to represent the education, experience, skill and ability levels typically needed to successfully perform the essential duties contained in this job description. The qualifications should not be viewed as individual absolute standards, but considered holistically with other position-related criteria.



JOB DESCRIPTION

TITLE: Secretary
FLSA STATUS: Non-Exempt
REPORTS TO: School Principal
SUPERVISES:

POSITION SUMMARY: Provides clerical, secretarial, and administrative support to one or more Principals of a school campus in accordance with the organization's vision, mission, and values.

PERFORMANCE EXPECTATIONS:

The Secretary is responsible for providing clerical, secretarial, and administrative support to one or more Principals of a school campus and ensuring efficient operation of the school office.

The Secretary measures shall be:

- Rapport with the staff, students, parents and others
- Timeliness and accuracy of communications, documents, records and other materials
- Responsiveness to internal and external customer requests
- Demonstrated professionalism, including confidentiality
- Demonstrated knowledge of the programs and services of Cornerstone Charter Schools

CRITICAL WORK:

The Secretary will be responsible for:

- Modeling the "Cornerstone Way"
- Providing warm and professional demeanor as the first impression for the school
- Accurately preparing communications, documents, records and other materials in a timely manner
- Responding to internal and external customer requests in a timely and courteous manner
- Maintaining accurate and complete records and files
- Ensuring efficient operation of the school office
- Working cooperatively and maintaining positive staff, student, parent and other key stakeholder relationships
- Maintaining an environment of professionalism and respect
- Maintaining confidentiality of documents and information received

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- High school diploma or equivalent. Some college coursework preferred
- Three (3) or more years of related administrative secretarial experience including office management responsibilities
- Considerable knowledge of proper sentence structure, spelling and punctuation of the English language; knowledge of modern office procedures and equipment and office management
- Skill in composing routine correspondence as well as proofreading and detecting errors in printed documents
- Interpersonal skills necessary to deal effectively and tactfully with all levels of staff, parents, students, the general public and others. The incumbent is also required to communicate and process highly confidential information and handle problem situations in a tactful, courteous and respectful manner
- Ability to work independently and exercise initiative, proper judgment and proper discretion in performing administrative duties including handling confidential and sensitive information
- Written, typing and computer skills necessary for the creation and compilation of various documents, communications and reports. The incumbent is also required to utilize word processing, spreadsheet, and database software applications

This job description is intended to describe the general nature and level of work being performed by an incumbent in this job and the qualifications needed. The job description should not be construed as an exhaustive list of all job duties that may be performed by a person so classified and should not be construed as an exhaustive list of all qualifications that may be required.



JOB DESCRIPTION

TITLE: Teacher Assistant
FLSA STATUS: Non-Exempt
REPORTS TO: Assigned Teacher
SUPERVISES:

POSITION SUMMARY: Assists assigned classroom teacher(s) in the general supervision and management of students (our customers) and the successful delivery of academic instruction in accordance with the mission, vision, philosophy and policies of Cornerstone Charter Schools.

PERFORMANCE EXPECTATIONS:

The Teacher Assistant is responsible for assisting assigned classroom teachers(s) in the general supervision and management of students and the successful delivery of academic instruction within a safe and healthy learning environment.

The Teacher Assistant performance measures shall be:

- Quality of student interaction including student engagement in learning
- Student management
- Student achievement growth versus target
- Student attendance versus target
- Student retention versus target
- Customer and stakeholder satisfaction – primarily as measured by surveys
- Communication with teacher regarding individual student issues or special information
- Rapport with the staff, students, parents and others
- Demonstrated professionalism, including confidentiality

CRITICAL WORK:

The Teacher Assistant will be responsible for:

- Modeling the "Cornerstone Way"
- Tutoring and assisting students individually or in small groups to help them master assignments and to reinforce learning concepts presented by the teacher
- Assisting the teacher to prepare needed materials and supplies
- Supervising lunchroom and recess activities
- Assisting in preparing and maintaining a safe, healthy and organized learning environment
- Assuring the safety and well-being of assigned students
- Maintaining open communication with students and parents
- Preparing and maintaining accurate and complete student records
- Consistently maintaining work habits, appearance and behavior that serve as a model for students

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- High school diploma or GED required. Bachelor's degree preferred
- Previous experience working with children preferred
- Interpersonal skills necessary to establish and maintain effective relationships students, parents/guardians, and other staff
- Analytical ability to develop various teaching aides that will help students to achieve desired learning outcomes

This job description is intended to describe the general nature and level of work being performed by an incumbent in this job and the qualifications needed. The job description should not be construed as an exhaustive list of all job duties that may be performed by a person so classified and should not be construed as an exhaustive list of all qualifications that may be required.



JOB DESCRIPTION

TITLE: Teacher
FLSA STATUS: Exempt
REPORTS TO: School Principal
SUPERVISES: Teacher Assistant (if applicable)

POSITION SUMMARY: Serves as classroom teacher at assigned campus responsible for planning and successful delivery of academic instruction which shape and support the academic, personal and social development of assigned students (our customers). Works in a manner that reflects a standard of excellence in achieving goals.

PERFORMANCE EXPECTATIONS:

The Teacher is responsible for planning and successful delivery of academic instruction to students (our customers) in accordance with the mission, vision, philosophy and policies of Cornerstone Charter Schools.

The Teacher performance measures shall be:

- Quality of student activities including alignment with organization and state standards, student engagement in learning, etc.
- Classroom management
- Classroom environment
- Student achievement growth versus target
- Student attendance versus target
- Student retention versus target
- Customer and stakeholder satisfaction – primarily as measured by surveys
- Rapport with students, parents, staff and others
- Demonstrated knowledge of assigned content area(s) including appropriate instructional strategies and available resources

CRITICAL WORK:

The Teacher will be responsible for:

- Modeling the "Cornerstone Way"
- Developing and implementing course objectives and outlines which provide appropriate student learning experiences
- Planning and executing individual and group activities that stimulate growth in the cognitive, affective and physical dimensions of each student
- Engaging students in learning
- Utilizing a variety of instructional materials/resources and multiple strategies, including technology, to enhance student learning
- Establishing and maintaining an orderly and supportive classroom environment that maximizes student learning
- Continually communicating with students on instructional expectations and their progress in meeting those expectations
- Assuring continuous communication with parents/guardians to keep them informed of the progress of their child
- Maintaining positive student, parent, staff and other key stakeholder relationships
- Preparing and maintaining accurate and complete student records
- Assigning work to and supervising assigned Teacher Assistant(s)
- Consistently maintaining work habits, appearance and behavior that serve as a positive model for students
- Participating in professional development opportunities

JOB QUALIFICATIONS:

- Possesses attributes inherent in the Cornerstone Way
- Bachelor's degree in Education is required. Master's degree preferred
- Certification, licensure and registrations as required by the Michigan Department of Education for teachers
- Demonstrated knowledge of content, curriculum, methods, materials and resources of assigned instructional specialty
- Analytical ability to plan individual and group activities that stimulate growth in the cognitive, affective and physical dimensions of each student
- Interpersonal skills necessary to establish and maintain effective relationships students, parents/guardians, and other staff
- Ability to plan and oversee the work of others
- Complies with Michigan teacher continuing education requirements
- Baldrige experience considered a real value

This job description is intended to describe the general nature and level of work being performed by an incumbent in this job and the qualifications needed. The job description should not be construed as an exhaustive list of all job duties that may be performed by a person so classified and should not be construed as an exhaustive list of all qualifications that may be required.

SCHEDULE 7-4

METHODS OF ACCOUNTABILITY AND PUPIL ASSESSMENT

SCHEDULE 7-4

Grand Valley State University shall evaluate the success of the Academy by considering multiple areas of performance. A Comprehensive Performance Review (CPR) system will be established by Grand Valley State University Charter Schools Office and shall include, but not be limited to, the performance of the Academy in the areas of student performance, board governance, organizational performance, compliance reporting, facility conditions, fiscal strength and reporting and other pertinent performance data, as required by federal and state law, the authorizing contract, or desired by the authorizer for review.

Included in the Comprehensive Performance Review shall be the requirements of Article VI Section 6.5 of the authorizing agreement, which states:

Section 6.5. Methods of Accountability. In addition to those set forth in this Section 6.5, the Academy shall evaluate its pupils' work based on the assessment strategies identified in the Schedules. The Academy shall provide the University Charter Schools Office with copies of reports, assessments and test results concerning the following:

- a) educational outcomes achieved by pupils attending the Academy and other reports reasonably requested by the University Charter Schools Office;
- b) an assessment of the Academy's student performance at the end of each academic school year or at such other times as the University Board may reasonably request;
- c) an annual education report in accordance with the Code;
- d) an annually administered nationally recognized norm-referenced achievement test for the Academy's grade configuration, or a program of testing approved by the University Charter Schools Office Director; and
- e) all tests required under Applicable Law.

The University Board may use such reports, assessments and test results in making its decision to revoke, terminate, or not issue a new contract at the end of the Contract.

Date: 2-16-2012


Board President/Vice President Signature

Secretary's Certification:

I certify that the foregoing resolution was duly adopted by the Cornerstone Health School Board of Directors at a properly noticed open meeting held on the 16 day of Feb, ~~2011~~, ²⁰¹² at which a quorum was present.


Board Secretary

SCHEDULE 7-5

ACADEMY'S ADMISSION POLICIES AND CRITERIA

Cornerstone Health School
Student Admission Lottery Procedures
for the 2012-2013 academic year

POLICIES

1. Maximum Enrollment

The following numbers shall represent the enrollment at each grade level for the 2012/13 school year:

Cornerstone Health School
9 - 150

The maximum enrollment goal shall be 150 for Cornerstone Health School.

2. Preference for students of school employees.

Per state law the students of school employees will be given enrollment preference as long as they submit an application and all required materials by the deadline for new student applications and have been hired prior to the date of the enrollment lottery. Students of employees hired after the lottery date will be receive no enrollment preference.

3. Enrollment for under-subscribed grades/sibling preference

- a. All students will automatically be enrolled in grades that are not over-enrolled.
- b. Siblings of students enrolled in grades not at maximum enrollment will be enrolled next.
- c. If the siblings of enrolled students fill a grade, that grade will have a sibling lottery.
- d. The Academy will continue to receive applications for that grade level as long as necessary, to complete full enrollment. Such applications received after the deadline will be enrolled in order received.

4. Random selection lottery for over-subscribed grades

Students will be selected for admission by random lottery for each grade that exceeds the maximum number of students per grade if their applications were received by the deadline date of **May 2, 2012**. Applications received after the deadline date for

each grade that has reached full enrollment will be added to the official waiting list in the order which they are received. Notice of re-enrollment procedures must be published in a local newspaper at least two weeks prior to the deadline.

5. Lottery date

The Academy will hold the random selection lottery on the evening of **May 14, 2012**, beginning at 4:00 p.m., at the school or other posted designated location.

6. Record of enrolled students

As the numbers which represent the students are selected, their acceptance will be recorded via electronic means.

PROCEDURES

Step 1: Pre-lottery setup

Each student applicant will be assigned a number according to an alphabetical listing in each grade level. A list of applicants to each grade level with their assigned numbers will be posted. Numbers will be randomly selected. Students will be selected for enrollment based on their assigned number being randomly selected. Positions for the wait list, once all of the openings in each grade level have been filled then a wait list will be established. Positioning on the wait list will be assigned through the same lottery method.

Step 2: Admission of currently enrolled students and their siblings

The Academy will begin with the lowest grade and work to the highest grade during the lottery process. If an applying student has siblings who are currently enrolled, those students will also be automatically enrolled as space is available. If space is not available for enrollment then those students will be placed at the front of the wait list based on selection. NOTE: The term “siblings” is defined as brothers or sisters living full-time in the same household who have at least one parent or legal guardian in common.

Step 3: Admission of applicants for under-subscribed grades

If fewer students apply to grade levels than space available, then all those who have applied are admitted, providing they have completed their application in its entirety and have submitted all required documents.

Step 4: Admission of applicants for over-subscribed grades

Beginning with the lowest grade level and working to the highest, each student applicant will be assigned a number according to an alphabetical listing in each grade level. A list of applicants to each grade level with their assigned numbers will be posted. Numbers will be randomly selected. Students will be selected for enrollment based on their assigned number being randomly selected. Positions for the wait list, once all of the openings in each grade level have been filled then a wait list will be established.

Positioning on the wait list will be assigned through the same lottery method if the selected student has siblings who are also applying for admission, those students will be enrolled as space is available. If space is not available for enrollment then those students will be placed at the front of the wait list based on selection. NOTE: The term “siblings” is defined as brothers or sisters living full-time in the same household who have at least one parent or legal guardian in common.

Step 5: Closing grade levels

When all openings for a given grade level have been filled, the individual managing the Accepted Student Grade Level File for that grade will announce that the grade level is fully enrolled.

Step 6: Waiting List Priority

After a grade level is fully enrolled, the lottery officials will continue to draw cards one at a time until each name is called. All remaining names will be placed on the waiting list and numbered in the order in which they were drawn.

NOTE ON SIBLING PREFERENCE:

If a student is selected for grade level that still has openings available, but the student has a sibling applying for a grade that no longer has openings available, the student will be placed in the accepted student grade level file, and the sibling will be placed on top of the waiting list but not before other siblings. Therefore, while a “sibling preference” applies to the lottery process, siblings are not guaranteed admission to The Academy.

APPEALS PROCESS

Any parent or guardian who wishes to contest or appeal any aspect of the lottery selection process may do so by writing to:

Board President
Board of Directors
306 E. Fourth St.
Royal Oak, Mi. 48167

Following receipt of the written appeal, a representative of the Board of Directors will contact you to discuss the nature of your concern or objection. Final decisions regarding appeals or complaints about lottery procedures will be made by vote of the Board of Directors in an open meeting.

SCHEDULE 7-6

SCHOOL CALENDAR AND SCHOOL DAY SCHEDULE

School Day Schedule:

K-8

Start: 8:10am

Lunch #1: 10:45-11:15am

Lunch #2: 11:20 am-11:50 am

End: 3:15pm

9-12

Start: 8:00am

Lunch: 11:50-12:30

End: 3:00pm

August 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9 <i>Staff and School Preparation Day</i>	10 <i>Staff and School Preparation Day</i>	11
12	13 <i>School Open House</i>	14 <i>First Day of School</i>	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31 <i>No School—Labor Day</i>	(13)(09)(13)

September 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3 <i>Labor Day</i>	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27 <i>Retreat</i>	28 <i>Retreat</i>	29 <i>(17)(0)(30)</i>
30						

October 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12 <i>Professional Development Day</i>	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			(22)(0)(53)

November 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6 Professional Development Day - MAPSA	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21 No School Thanksgiving Break	22 No School Thanksgiving Break	23 No School Thanksgiving Break	24
25	26	27	28	29	30	(18(1)(72))

December 2012

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
						(15)(0)(87)
23	24 Winter Break	25 Winter Break	26 Winter Break	27 Winter Break	28 Winter Break	29
30	31 Winter Break					

January 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 <i>Winter Break</i>	2 <i>Winter Break</i>	3 <i>Winter Break</i>	4 <i>Winter Break</i>	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 <i>No School—Martin Luther King Jr. Day</i>	22	23	24	25	26
27	28	29	30	31		(18)(0)(105)

February 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
				Professional Development day	No School—Winter Break	
17	18	19	20	21	22	23
	No School—President's Day					
24	25	26	27	28		(18)(1)(124)

March 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15 Professional Development	16
17	18	19	20	21	22	23
24	25	26	27	28 No School—Spring Break	29 No School—Spring Break	30 (18)(1)(143)
31						

April 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 No School—Spring Break	2 No School—Spring Break	3 No School—Spring Break	4 No School—Spring Break	5 No School—Spring Break	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26 No School	27
28	29	30				(16)(0)(159)

May 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10 <i>Professional Development Day</i>	11
12	13	14	15	16	17	18
19	20	21	22	23	24 <i>No School</i>	25
26	27 <i>Memorial Day</i>	28	29	30	31	(20)(1)(180)

June 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28 <i>Last Day of School</i>	29
30	1					(200)(200)

July 2013

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SCHEDULE 7-7

AGE/GRADE RANGE OF PUPILS ENROLLED

Cornerstone Health School, located at 19900 McIntyre Street, Detroit, MI will offer kindergarten through twelfth grades to age-appropriate students. Cornerstone Health School may add grades with written approval of the Charter Schools Office or the Grand Valley State University Board of Trustees.

SCHEDULE 7-8

**ADDRESS AND DESCRIPTION OF PROPOSED PHYSICAL PLANT; LEASE
OR DEED FOR PROPOSED SITE; OCCUPANCY CERTIFICATE**

CORNERSTONE HEALTH SCHOOLS

ADDRESS

FACILITY DESCRIPTION

Address: 19900 McIntyre Street, Detroit, Michigan, 48219

Facility Description: The facility is approximately a 58,000 square foot facility located on the Northwest Side of Detroit. It is a two-story building which will be expanded to include an additional space of 16,000 square feet for offices and a gymnasium.

LEASE

19900 McIntyre Street, Detroit, Michigan, 48219

THIS LEASE is made and entered into as of July 1, 2012 (the "Effective Date"), by and between **The New Common School Foundation**, a Michigan non profit corporation (the "Landlord"), and **Board of Directors of Cornerstone Health Schools**, a public school academy organized and operating under Part 6A of the Michigan Revised School Code (the "Tenant").

RECITALS

A. The Landlord owns or otherwise has the right to occupy and lease the premises described herein. The Landlord has agreed to lease the same to the Tenant, and the Tenant has agreed to lease the same from the Landlord.

B. The parties desire to reduce their agreement to writing, on the terms herein provided.

NOW, THEREFORE, in consideration of the foregoing recitals, in consideration of the mutual covenants herein, in consideration of the rents to be paid and the covenants and agreements to be performed by the Tenant, and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereby agree as follows:

1. Demised Premises.

a. The Landlord does hereby lease to the Tenant, and the Tenant does hereby lease from the Landlord, a portion of the premises described on the attached **Exhibit A** (referred to herein as the "premises" or the "Property"). The building on the Property is known as the Building. All improvements in the portion of the Building leased by the Tenant and personal property in the portion of the Building leased by the Tenant are leased to the Tenant hereunder.

2. Term and Rent.

a. The term of this Lease shall be for seven (7) years, commencing on July 1, 2012 and expiring on June 30, 2019.

b. From the Effective Date until June 30, 2019, the Tenant shall yield and pay unto the Landlord as "**Annual Base Rent**" for the premises as follows:

For the Effective Date beginning July 1, 2012, to pay the Lessor, as rental for the leased premises, without demand, offset or deduction, equal monthly payments due on the first day of each and every month, in advance, a monthly rental payment in an amount equal to 1/12th of eleven percent 11% of the per pupil enrollment/state student aid grant amount (based on

the State Board of Education counts whenever they may be taken). Lessee shall provide, or cause to be provided, copies of the forms submitted to the State of Michigan regarding the student count within three (3) days after such information is submitted to the State of Michigan. The principal will apprise the Landlord regarding actual student enrollment twice yearly; the fall count in October and the winter count in February. Based on the results of these student counts, the monthly rental shall be increased or decreased retroactively to the beginning of the month of the current student count date. The enrollment of students will be set on the "Count Date" as recognized by the State of Michigan for purposes of financial aid. The tenant will make good faith efforts to meet the enrollment figures as attached in **Exhibit B**.

3. **Automatic Renewal; Rental Adjustments; Changes in Demised Premises.**

This lease shall automatically be renewed an additional seven year term on the same terms and conditions as provided herein, subject to tenant receiving an additional seven year charter contract from its authorizer.

4. **Triple Net Lease.** This Lease is intended to be a "triple net" lease, in accordance with the following:

(a) Landlord shall not be required to provide any services or do any act in connection with the Property.

(b) Tenant shall pay all expenses of any nature whatsoever during the term of this Lease which are connected with the premises, and shall maintain the premises in all respects. Tenant's responsibilities shall include but not be limited to the following: payment of all fire, hazard and liability insurance; maintenance and repair of all the interior and exterior of all improvements upon the Property, **including the foundation, roof and exterior walls**; maintenance of all grounds; repair of all utility systems including the electrical, sprinkler, plumbing, and H.V.A.C. systems; maintenance of all driveways, walkways and parking areas; providing lawn care and maintenance; and removing debris, snow and ice from the premises to the extent required for Tenant's business operations and for general safety and welfare of persons on the premises. Notwithstanding the foregoing, if any of the systems set forth above need to be replaced, then the parties agree to work in good faith as to allocating the cost of such replacement.

5. **Late Charges.** If any rent due hereunder is not paid on the due date, then interest shall accrue at a rate of 1.5% per month as of the due date, in addition to any other fees or charges that Landlord accrues in collecting this late rent.

6. **Assignment and Subletting.** Tenant shall not assign this Lease or any interest in this Lease and/or sublet the premises or any part thereof without Landlord's prior written consent. Assignment of this Lease and subletting of the premises shall be further subject to the terms of this Paragraph as set forth below:

(a) In order for Landlord to consider a proposed assignment or sublease, the following conditions must be satisfied: (i) at the time of any such proposed assignment or sublease, Tenant shall not be in default under any of the terms, provisions or conditions of this Lease; (ii) the assignee or sublessee shall only occupy the premises and conduct business in accordance with the use expressly permitted herein; and (iii) Tenant and its assignee or sublessee shall execute, acknowledge and deliver to Landlord a fully executed counterpart of a written assignment of lease or sublease as the case may be, duly consented to by Tenant's guarantor, if any.

(b) In case of an assignment, Tenant shall assign to such assignee Tenant's entire interest in this Lease, together with all prepaid rents hereunder, and the assignee shall accept said assignment and assume and agree to perform, directly for the benefit of the Landlord, all of the terms, covenants and conditions of this Lease on the Tenant's part to be performed hereunder. However, notwithstanding any term or provision of this Lease to the contrary, in no event shall any assignment of the Lease include an assignment of any option set forth herein for Tenant to renew this Lease, unless Landlord in Landlord's sole discretion expressly consents to assignment of the option to renew.

(c) In case of subletting, the sublease shall in all respects be subject and subordinate to all of the terms and covenants and conditions of this Lease, and the sublessee thereunder shall agree to be bound by and to perform all of the terms, covenants and conditions of this Lease on the Tenant's part to be performed hereunder, except the payment of rent, additional rents and other charges reserved hereunder, which Tenant shall continue to pay to Landlord. However, notwithstanding any term or provision of this Lease to the contrary, in no event shall the term of any sublease extend into any renewal period arising under any option set forth herein for Tenant to renew this Lease, unless Landlord in Landlord's sole discretion expressly consents to such term of the sublease.

(d) Notwithstanding any such assignment or subletting or the consent of Landlord under the terms of this Paragraph, both Tenant and its guarantor, if any, shall not be released or discharged from any liability whatsoever under this Lease and will continue liable hereon with the same force and effect as though no assignment or sublease has been made. Furthermore, no assignment or subletting shall be deemed a waiver of the further application of this Paragraph (regarding subsequent assignments or subletting).

(e) Other than an assignment or subletting to which Landlord consents in accordance with this Paragraph, Tenant shall not voluntarily, involuntarily or by operation of law assign, transfer, mortgage or otherwise encumber this Lease or any interest of Tenant herein, in whole or in part, nor sublet the whole or any part of the Premises or permit the premises or any part thereof to be used or occupied by others. Any attempt to encumber or assign this Lease or sublet the premises not in compliance with the provisions of this Paragraph shall be void and of no force and effect.

(f) If Tenant is a partnership, limited partnership, corporation, limited liability company or other joint venture or association, then any one or more of the following shall be considered an assignment of Tenant's interest in this Lease: (i) the dissolution, merger,

consolidation or other reorganization of Tenant; (ii) the sale of any substantial part of Tenant's assets outside the ordinary course of Tenant's business; (iii) the transfer of the controlling interest in the Tenant or other form of ownership interest of Tenant; or (iv) the merger of Tenant into or with any other entity the result of which Subtenant is not the surviving entity or the reorganization or dissolution of Subtenant, shall be deemed an assignment.

(g) Landlord agrees not to unreasonably withhold its consent to any proposed assignment of this Lease or subletting of the premises, provided that the proposed assignee or sublessee and its guarantor, if any, have creditworthiness and experience in the ~~business which constitutes the permitted use hereunder which are at least as good as that of~~ the Tenant and its guarantor, if any.

7. **Performance.** The Tenant leases the premises for the term provided herein, and covenants to pay, or cause to be paid to the Landlord at the dates and times above mentioned, the base rent above reserved. All rent hereunder shall be paid to Landlord without any claim on the part of Tenant for diminution or abatement. The obligations of Tenant to Landlord shall be, in all respects, and for all purposes, unconditional; and, Tenant shall not be entitled to assert any right of defense or set-off to Tenant's obligations herein, until such time as such right has been reduced to a final judgment in favor of Tenant and chargeable against Landlord, by a court of competent jurisdiction.

8. **Hazard Insurance.** The Landlord shall maintain any and all insurance against fire, vandalism, malicious mischief and such other perils as are from time to time included in the standard extended coverage endorsement and, at Landlord's option, special extended coverage endorsements insuring the premises and the Personal Property in an amount TBD.

9. **Liability Insurance.** The Tenant agrees to the extent permitted by law, to indemnify and hold harmless the Landlord from any liability for damages to any person or property in, on or about the premises from any cause whatsoever. Tenant will procure and keep in effect during the term hereof public liability and property damage insurance for the benefit of Landlord and Landlord's mortgagee **in such amounts and upon such terms (including deductibles and limits of liability) as Landlord may reasonably establish** from time to time. As of the date that this Lease is executed, Tenant shall have in place commercial general liability insurance on an occurrence basis against claims for "personal injury", including without limitation bodily injury, death or property damage occurring on, in or about the Premises with an each occurrence limit of \$1,000,000 and a general aggregate \$3,000,000 and with a deductible of not more than \$5,000. Tenant shall maintain such insurance under insurance policies in form and substance acceptable to Landlord; and the insurer shall name Landlord as additional insured and as loss payee under such policies of insurance. Such insurance policies or certificates thereof shall, if Landlord so requests, be deposited with Landlord and Landlord's mortgagee. Tenant shall deliver to Landlord a certified copy of each policy and evidence of payment of all premiums therefor. Furthermore, each such insurance policy obtained by Tenant shall contain a provision stating in substance that such policy and the coverage thereunder shall not be modified, canceled or terminated in any respect for any reason unless and until Landlord and Landlord's mortgagee have been provided with thirty (30) days notice of such modification, cancellation or termination.

10. **Waiver of Subrogation.** Each party hereto does hereby remise, release and discharge the other party hereto and any officer, agent, employee, partner or representative of such party, of and from any liability whatsoever hereafter arising from loss, damage or injury caused by fire or other casualty for which insurance (permitting waiver of liability and containing a waiver of subrogation) is carried by the injured party at the time of such loss, damage or injury to the extent of any recovery by the injured party under such insurance.

11. **Non-Payment of Expenses.** If the Tenant shall default in any payment or expenditure, other than base rent required to be paid or expended by the Tenant under the terms hereof, the Landlord may at its option make such payment or expenditure, in which event the amount thereof shall be payable as rental to the Landlord by the Tenant five (5) days after presentment, together with interest at a rate of interest which is two percent (200 basis points) in excess of the Prime Rate as announced in The Wall Street Journal as in effect for each month from the date of such payment or expenditure by the Landlord. On default in such payment, the Landlord shall have the same remedies as on default in payment of base rent. Notwithstanding the foregoing, in no event shall the interest rate hereunder exceed the highest rate permitted under the circumstances pursuant to applicable law.

12. **Location of Payment.** All payments of base rent or other sums to be made to the Landlord at 6861 East Nevada, Detroit, Michigan and may be made at such other place as the Landlord shall designate in writing from time to time.

13. **Right to Mortgage; Attornment.**

(a) Landlord reserves the right to subject and subordinate this Lease at all times to the lien of any mortgage now or hereafter placed upon Landlord's interest in the premises, and to any and all advances to be made thereunder, and all renewals, replacements and extensions thereof, provided the mortgagee named in said mortgage shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default hereunder. Tenant agrees that any mortgagee may elect to have this Lease a prior lien to its mortgage whether this Lease is dated prior or subsequent thereto. Tenant further covenants and agrees to execute and deliver upon demand such further instrument or instruments as shall be required by Landlord or any mortgagee to carry out the intent of this Paragraph.

(b) In the event any proceedings are brought for the foreclosure of, or in the event of the conveyance by deed in lieu of foreclosure of, or in the event of exercise of the power of sale under, any mortgage made by Landlord covering the premises, Tenant hereby attorns to, and covenants and agrees to execute an instrument in writing reasonably satisfactory to the new owner, whereby Tenant attorns to such successor in interest and recognizes such successor as the Landlord under this Lease.

(c) If Landlord shall fail to pay within ten (10) days after due, any installment of principal or interest on any mortgage which is paramount to this Lease or which has been guaranteed by Tenant, or any installment of taxes or assessments affecting the leased premises, or shall fail promptly to remove any other lien or charge which could jeopardize the

Tenant's right to possession as granted herein, then Tenant may make such payment or effect such removal. Any such payment or removal shall entitle Tenant to be subrogated to the lien or charge of the item so paid in addition to the rights given the Tenant under this Paragraph. If Tenant shall make any payment or advance or incur any expense for the account of Landlord, pursuant to this Paragraph or any other provision of this Lease, then Tenant shall be entitled to reimbursement therefor from Landlord. Tenant may apply such claim against any subsequent installment of rent or other charges due from Tenant hereunder; and, if Tenant is not reimbursed at the expiration of the term granted herein or any renewal or extension thereof, then Tenant may remain in possession of the leased premises ~~until completely reimbursed through an offset against the rents and other charges falling due during such continued possession.~~

14. **Permitted Use of Property.** During the continuance of this Lease, the premises shall be used and occupied **for the operation of a school and related operations, and for any other activity conducted by the Tenant at the premises prior to the date hereof.** Tenant shall use the premises for no other purpose or purposes without the prior written reasonable consent of the Landlord. On any breach of this Paragraph, the Landlord may at its option terminate this Lease forthwith and re-enter and repossess the premises, or exercise any other right or remedy provided herein.

15. **Quiet Enjoyment.** Upon payment by Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the premises for the term provided herein, without hindrance or interruption by Landlord, or any other person or persons lawfully or equitably claiming by, through or under Landlord, subject, nevertheless, to the terms of this Lease.

16. **Adjoining Property.** Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned by or through the acts or omissions of persons occupying property adjacent to or connected with the premises, or for any loss or damage resulting to Tenant or its property from bursting, stoppage or leaking of water or gas.

17. **Destruction of Property.** It is understood and agreed that if the premises be damaged or destroyed in whole or in part by fire or other casualty during the term hereof, the Landlord, at its option, may or may not repair and restore the Property. If Landlord elects not to restore the Property, the Landlord, in its sole discretion, may terminate the Lease.

18. **Eminent Domain.** If the whole or more than thirty percent (30%) of the premises, or if more than thirty percent (30%) of the parking areas on the premises shall be taken by any public authority under the power of eminent domain, then the term of this Lease shall cease as to the part so taken, from the date possession of that part shall be required for any public purpose. The rent shall be paid to that day, and from that day Tenant shall have the right either to cancel this Lease and declare the same null and void or to continue in the possession of the remainder of the premises under the terms herein provided. However, if Tenant continues in possession, then the base rent shall be reduced in proportion to the amount of the premises taken. For this purpose, base rent shall be deemed allocable 85% to

the buildings and structures on the premises (*when applicable*) and 15% to the parking or unimproved areas constituting part of the premises. All damages awarded for such taking shall belong to and be the property of Landlord, whether such damages shall be awarded as compensation for diminution in value to the leasehold or to the fee of the premises herein leased. However, Landlord shall not be entitled to any portion of the award made to Tenant for loss of business, moving expenses or fixtures and equipment installed in the premises at the expense of Tenant or persons claiming under Tenant. If this Lease shall not be terminated as aforesaid, then Landlord shall, within a reasonable time after such taking, restore what may remain of the premises to a condition similar to the condition existing prior to the taking, subject to a reduction in size. **~~This paragraph shall be applied separately with respect to each parcel of real estate which is functionally separate from other parcels of real estate constituting part of the premises.~~**

19. **Maintenance by Tenant.** Tenant shall maintain the Property as set forth in Paragraph 4(b). At the expiration of the term, the Tenant shall yield and deliver up the premises in like condition as when taken, reasonable use and wear thereof.

20. **Alterations by Tenant.** Tenant shall not make or suffer to be made any alterations, additions or improvements to or of the premises or any part thereof, or attach any fixtures or equipment thereto without first obtaining Landlord's consent, which consent shall not be unreasonably withheld by Landlord. All such alterations, additions and improvements shall be performed by contractors and subject to conditions specified by Landlord. In addition, Tenant must obtain Landlord's prior written approval of any contracts or agreements entered into by Tenant regarding alterations, additions or improvements to or of the premises. All alterations, additions and improvements to the premises shall become the property of Landlord upon their installation and/or completion and shall remain on the premises upon the expiration or termination of this Lease without compensation to Tenant, unless Landlord (in Landlord's discretion) elects by written notice to Tenant to have Tenant remove the same. However, Tenant shall have the right to remove any of Tenant's movable trade fixtures and furniture which are not affixed to the premises and which may be readily removed without causing damage to or diminution in the value of the premises. Upon removal of any of the foregoing (at Landlord's election or by Tenant's right as provided above), Tenant shall promptly restore the premises to their condition existing prior to the installation of the items being removed.

21. **Construction Liens.** In the event a construction lien shall be filed against the premises or the Property or Tenant's interest therein as a result of any work undertaken by Tenant, or as a result of any repairs or alterations made by Tenant, or any other act of Tenant, Tenant shall, within ten (10) days after receiving notice of such lien, discharge such lien either by payment of the indebtedness due the lien claimant or by filing a bond (as provided by statute) as security therefor. In the event Tenant shall fail to discharge such lien, Landlord shall have the right to procure such discharge by paying such lien or by filing such bond, in which case Tenant shall pay the amount of such lien or the cost of such bond to Landlord as additional rent upon the first day that rent shall be due thereafter in accordance with Paragraph 11 hereof.

22. **Tenant's Acceptance of Premises.** Tenant acknowledges that no representations as to the condition of the premises or state of repairs thereof have been made by the Landlord, or its agent, which are not herein expressed. Tenant hereby accepts the premises in their present condition, AS IS, at the date of the execution of this Lease.

23. **Nuisance.** Tenant shall not perform any acts or carry on any practice which may injure any buildings or structures on the premises or be a nuisance or menace to neighbors or others. Tenant shall keep the premises under its control (including adjoining drives, streets, alleys or yards) clean and free from rubbish, dirt, snow and ice at all times. If Tenant shall not comply with these provisions, then Landlord may enter upon the premises and have rubbish, dirt, and ashes removed and the premises cleaned, in which event Tenant shall pay all charges that Landlord shall pay for hauling rubbish, ashes and dirt, or cleaning the premises. Said charges shall be paid to the Landlord by the Tenant as soon as a bill is presented, and the Landlord shall have the same remedy as provided in Paragraph 11 of this Lease in the event of Tenant's failure to pay.

24. **Compliance With Local Laws.** Tenant shall at its own expense, under penalty of forfeiture and damages, promptly comply with all lawful laws, orders, regulations or ordinances of all local, municipal, County, State and federal authorities affecting the premises and the cleanliness, safety, occupation and use of same. Notwithstanding the foregoing, the Tenant shall not be liable for any hazardous materials that exist on or about the Property as of the date Tenant first takes possession of the Property or which are introduced or exacerbated by Landlord or any third parties.

25. **Notice of Rental.** Tenant agrees that for a period commencing sixty (60) days prior to the termination of this Lease, Landlord may show the premises to prospective tenants, and may display in and about the premises and in the windows thereof the usual and ordinary "TO RENT" signs.

26. **Holding Over.** In the event of Tenant holding over after the termination of this Lease, the tenancy shall be from month to month in the absence of a written agreement to the contrary. The base rent amount during any such period of holding over shall be **one hundred percent (100%)** of the base rent amount otherwise applicable hereunder.

27. **Utilities.** The parties acknowledge that Tenant shall pay Tenant's Percentage of all charges made against the premises for all utilities including, without limitation, gas, water, heat and electricity during the continuance of this Lease as the same shall become due.

28. **Signs.** All signs and advertising displayed in and about the premises shall be such only as to advertise the business carried on upon the premises. No awning shall be installed or used on the exterior of the building unless approved in writing by the Landlord.

29. **Landlord's Right of Inspection.** Landlord shall have the right to enter upon the leased premises at all reasonable hours for the purpose of inspecting the same. If Landlord deems any repairs necessary, the Landlord may demand that the Tenant make the same,

and if the Tenant refuses or neglects forthwith to commence such repairs and complete the same with reasonable dispatch, the Landlord may make or cause to be made such repairs. The Landlord shall not be responsible to the Tenant for any loss or damage that may accrue to its stock or business by reason of such repairs. If the Landlord makes or causes to be made such repairs, the Tenant shall forthwith on demand pay to the Landlord the cost thereof with interest at the rate provided in Paragraph 11 hereof, and if Tenant shall default in such payment the Landlord shall have the remedies provided in Paragraph 11 hereof.

30. **Default by Tenant.**

(a) Tenant shall be in **material default** of this Lease under circumstances including but not limited to any one or more of the following:

(1) The failure of Tenant to pay any base rent or other sums due hereunder within ten (10) days after the same shall be due;

(2) The failure of Tenant to perform any other of the terms, conditions or covenants of this Lease to be observed or performed by Tenant for more than thirty (30) days after written notice of such default shall have been furnished to Tenant;

(3) Tenant becoming bankrupt or insolvent, or filing any debtor proceedings, or taking or have taken against Tenant in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of Tenant's property, or Tenant making an assignment for the benefit of creditors, or Tenant suffering this Lease to be taken under any writ of execution, or Tenant petitioning for or entering into any similar arrangement; or

(4) The abandonment of the premises by Tenant (as used herein, the term "abandonment" shall not include the cessation of operations by Tenant at the Property, provided that Tenant continues to perform its obligations hereunder).

(b) If Tenant is in material default of this Lease, then Landlord, its attorneys, successors and assigns, in addition to any other rights or remedies they may have hereunder or at law shall have the right to declare this Lease terminated and the term ended, and/or shall have the immediate right of re-entry and may remove all persons and property from the premises, and such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespassing or becoming liable for any loss or damage which may be occasioned thereby.

(c) Should Landlord elect to re-enter the premises as herein provided, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may either terminate this Lease or Landlord may from time to time without terminating this Lease, make such alterations and repairs as Landlord, in Landlord's sole discretion, determines is necessary in order to relet the premises, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this

Lease) and at such rental or rentals, as Landlord in Landlord's sole discretion may deem advisable. Upon each such reletting, all rentals received by Landlord from such reletting shall be applied first to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord; second, to the payment of reasonable costs and expenses of such reletting including brokerage and attorneys' fees, and the cost of any such alterations and repairs; third, to the payment of rent due and unpaid hereunder. The residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. If such rentals received from such reletting during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. No such re-entry or taking possession of the premises, or any part thereof, by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant, or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease. In addition to any other remedies Landlord may have, Landlord may recover from Tenant all damages Landlord may incur by reason of such breach, including the cost of recovering the premises, reasonable attorneys' fees incidental thereto, and any and all other damages incurred by Landlord as a result thereof.

31. **Remedies Cumulative.** Each and every of the rights, remedies and benefits provided by this Lease shall be cumulative, and shall not be exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

32. **Security Deposit.** No security deposit shall be required from Tenant under this Lease.

33. **Waiver of Breach.** A waiver by any party of a breach of any provision of this Lease by any other party shall not operate or be construed (a) as continuing, or (b) as a bar to, or a waiver or release of, any subsequent right, remedy, or recourse as to a subsequent event, or (c) as a waiver of any subsequent breach by that other party.

34. **Notices.** All notices, statements or other communications which are required or contemplated by this Lease shall be in writing (unless otherwise expressly provided herein) and shall be either personally served at or mailed to the last known mailing address of the person entitled thereto. In addition, a copy of each such notice, statement or communication intended for a party shall be furnished to such single additional addressee for that party as may be specified herein or specified in a like notice. All such notices, statements and other communications (or copies thereof) shall be deemed furnished to the person entitled thereto (a) on the date of service, if personally served at the last known mailing address of such person, or (b) on the date on which mailed, if mailed to such person in accordance with the terms of this Section. For purposes hereof, an item shall be considered mailed if the sender can establish that it was sent by means including, but not limited to, the following: (i) by United States Postal Service, postage prepaid; (ii) by air courier service (Federal Express or the like); or (iii) by telefax or other means of electronic communication.

35. **Successors and Assigns.** This Lease shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, administrators, executors, personal representatives, successor trustees, successors and assigns, subject, however, to the restrictions set forth herein regarding assignments and subletting by Tenant.

36. **Severability.** Should any covenant, condition, term or provision of this Lease be deemed to be illegal, or if the application thereof to any person or in any circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such covenant, condition, term or provision to persons or in circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each covenant, condition, term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

37. **Course of Conduct.** No course of conduct between the parties hereto, nor any delay in exercising any rights or remedies hereunder or under any communication, report, notice or other document or instrument referred to herein, shall operate as a waiver of any of the rights or remedies of the parties hereto.

38. **Entire Agreement.** This Lease contains all the covenants, promises, agreements, conditions, representations and understandings between the parties hereto, and supersedes any prior agreements between the parties hereto, with respect to the subject matter hereof. There are no covenants, promises, agreements, conditions, representations or understandings, either oral or written, between the parties hereto, other than those set forth herein or provided for herein, with respect to the subject matter hereof.

39. **Amendment.** This Lease shall not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. The parties agree to review the terms and conditions of this lease if Madison-Carver Academy is authorized by Grand Valley State University, and will make a good faith effort to provide Madison-Carver Academy the opportunity to lease space within the demised premises as defined in paragraph 1. If Madison-Carver Academy leases space in the demised premises, this lease will be amended as appropriate to meet the needs of both academies which are leasing space.

40. **Governing Law.** This Lease shall be governed by and interpreted under the laws of the State of Michigan, irrespective of where this Lease is made.

41. **Counterparts.** This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

42. **Gender and Number.** As the context of any provision may require, nouns and pronouns of any gender and number shall be construed in any other gender and number.

43. **Captions.** Captions used herein are inserted for reference purposes only and shall not affect the interpretation or construction of this Lease.

44. **Incorporation by Reference.** All schedules, exhibits and other attachments which are affixed to and referred to in this Lease are incorporated herein and made a part hereof by this reference.

45. **Brokerage.** The parties hereto represent to each other that neither is liable to any third party for any fee or commission by way of brokerage with respect to the execution and delivery or the performance of this Lease.

46. **Authority.** Each individual executing this Lease on behalf of an entity represents and warrants that he or she has obtained the legal authorization necessary to sign this Lease on behalf of such entity.

47. **Construction.** Each party has participated fully in the negotiation and preparation of this Lease with full benefit or availability of counsel. Accordingly, this Lease shall not be more strictly construed against either party.

48. **Payment of Legal Fees in the Event of Litigation.** In the event of any litigation between the parties concerning the subject of this Lease, the prevailing party shall be entitled to reasonable attorneys' fees. For this purpose, reasonable attorneys' fees shall be deemed to include court costs, including those for appellate proceedings, and fees for paralegals, legal assistants, accountants, and similar persons.

49. **Special Provisions Regarding Charter School Requirements.** The parties hereby agree as follows

(a) The Tenant is a body corporate and governmental entity authorized by the Revised School Code. The Tenant is organized and operates as a public school academy and a nonprofit corporation. The Academy is not part of Grand Valley State University. The relationship between the Tenant and the GVSU Board of Trustees is based solely on the applicable provisions of the Revised School Code and the terms of the Charter Contract and other agreements between the GVSU Board of Trustees and the Tenant. The Tenant has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, the Grand Valley State University Board of Trustees, or GVSU, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties that the State of Michigan, the GVSU Board of Trustees or GVSU in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by the Tenant.

(b) The Lease agreement is subject to the terms and conditions of the Charter Contract between the Tenant and its authorizing body only when there is a conflict between the terms of this Lease and such Charter Contract. A copy of this Charter Contract has been provided to Landlord.

(c) The Lease shall terminate automatically and immediately upon termination or revocation of the Charter Contract between the Tenant and its authorizing body, in the absence of a successor Charter Contract with another authorizing body.

(d) The Landlord shall cooperate with the Tenant as necessary to satisfy the Tenant's obligation to provide reasonable access to the Tenant's authorizing body if the authorizing body's performance of its oversight function under the Charter Contract.

(e) The parties will cooperate as necessary to secure an Occupancy Permit for the Academy to operate as a public school academy in the Premises, and this Lease is conditioned upon the Tenant being able to obtain such an Occupancy Permit.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first set forth above.

LANDLORD:

The New Common School Foundation, a Michigan non profit corporation

By: _____
W. Clark Durant, President

TENANT:

Board of Directors of Cornerstone Health Schools, a public school academy organized and operating under Part 6A of the Michigan Revised School Code

By: H. BSL

Its: President

solely on the applicable provisions of the Revised School Code and the terms of the Charter Contract and other agreements between the GVSU Board of Trustees and the Tenant. The Tenant has no authority whatsoever to enter into any contract or other agreement that would financially obligate the State of Michigan, the Grand Valley State University Board of Trustees, or GVSU, nor does the Academy have any authority whatsoever to make any representations to lenders or third parties that the State of Michigan, the GVSU Board of Trustees or GVSU in any way guarantee, are financially obligated, or are in any way responsible for any contract, mortgage, loan or other instrument of indebtedness entered into by the Tenant.

(b) The Lease agreement is subject to the terms and conditions of the Charter Contract between the Tenant and its authorizing body only when there is a conflict between the terms of this Lease and such Charter Contract. A copy of this Charter Contract has been provided to Landlord.

(c) The Lease shall terminate automatically and immediately upon termination or revocation of the Charter Contract between the Tenant and its authorizing body, in the absence of a successor Charter Contract with another authorizing body.

(d) The Landlord shall cooperate with the Tenant as necessary to satisfy the Tenant's obligation to provide reasonable access to the Tenant's authorizing body to the authorizing body's performance of its oversight function under the Charter Contract.


(e) The parties will cooperate as necessary to secure an Occupancy Permit for the Academy to operate as a public school academy in the Premises, and this Lease is conditioned upon the Tenant being able to obtain such an Occupancy Permit.

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LANDLORD:

The New Common School Foundation, a Michigan non profit corporation

By:



W. Clark Durant, President

TENANT:

Board of Directors of Cornerstone Health Schools, a public school academy organized and operating under Part 6A of the Michigan Revised School Code

EXHIBIT A TO LEASE

[address]

DESCRIPTION OF DEMISED PREMISES

Property located at 1990 McIntyre Street, Detroit, Michigan, 48219 and is more accurately described as:

[Legal description to be included]

EXHIBIT B TO LEASE

PROJECTED ENROLLMENT FIGURES FOR 2012-2013

Elementary Projected Enrollment: 308 students

High School Projected Enrollment: 75 students
